

PART X: ANNEX J

(Updated August 2014)

Introduction to Specific Annex J

Specific Annex J is divided into five chapters. The first chapter covers travelers and contains 26 standards and 13 recommended practices. The second chapter covers postal traffic and contains 10 standards and 1 recommended practice. The third chapter covers means of transport for commercial use and contains 9 standards and 6 recommended practices. The fourth chapter covers stores and contains 13 standards and 7 recommended practices. Finally, fifth chapter covers relief consignments and contains 3 standards and 3 recommended practices. Pakistan has acceded to the first chapter but has not yet acceded to the other chapters of Annex J.

It should be noted, as pointed out in the Executive Summary of this report, that Article 2 of the RKC provides that a Contracting Party “undertakes...to conform, in accordance with the provisions of this Convention, to the Standards, Transitional Standards and Recommended Practices in the Annexes to this Convention.” Therefore, when a Contracting Party has acceded to a Specific Annex or a chapter of a Specific Annex, it is obligated to implement both the standards and recommended practices contained therein, with the exception of recommended practices for which it has lodged a reservation. Pakistan has not lodged a reservation for any of the recommended practices in the first chapter; therefore it is currently bound to implement all standards and recommended practices of that chapter.

Table 21 summarizes the subject matter and number of standards and recommended practices covered by each chapter of Specific Annex J.

Table 21: Annex J				
Ch. No.	Subject	Standards	Recommended Practices	Total
1	Travellers	26	13	39
2	Postal Traffic	10	1	11
3	Means of transport for Commercial use	9	6	15
4	Stores	13	7	20
5	Relief Consignments	3	3	6
Total		61	30	91

And Table 22 summarizes the overall results of the compliance assessments for each chapter of Annex J, using the scoring system described in Table 1, which may be found in the Executive Summary.

Table 22								
Ch. No.	Category	Compliant	Substantially Compliant	Partially Compliant	Marginally Compliant	Non-Compliant	NA	Total
1	Standards	22	1	-	-	2	2	27
	Recommended Practices	8	2	-	-	2	-	12
2	Standards	8	-	-	-	1	1	10
	Recommended Practices	1	-	--	-	-	-	1
3	Standard	7	-	1	-	-	1	9
	Recommended Practice	3	2	-	-	1	-	6
4	Standard	8	3	-	-	1	1	13
	Recommended Practice	5	1	-	-	-	1	7
5	Standard	-	-	2	-	-	1	3
	Recommended Practice	2	1	-	-	-	-	3

Total	64	10	3		7	7	91
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As indicated by Table 22, the gap analysis has determined that Pakistan's customs regime appears to be in full compliance with approximately 70% of the standards and recommended practices of Annex J (without taking into account the five standards for which a compliance rating is not applicable). With respect to a standard that has been identified as presenting compliance issues, recommendations are made in the individual assessment for that standard with respect to measures that may be taken to bring the customs regime into compliance. Many of the recommendations relate to suggested changes in national legislation; and others relate to suggested modifications to customs practice. If any aspect of the customs regime is modified, some type of training will need to be provided to concerned customs personnel.

Chapter 1 Travelers

Definitions

Five defined terms are provided at the beginning of Chapter 1 of Specific Annex J, and are to be used to properly understand the meaning of the standards and recommended practices contained in that chapter. As explained in the general discussion of the use of definitions, which is provided in the analysis of Chapter 2 of the General Annex, there is no explicit requirement in the RKC requiring a Contracting Party to adopt into its national legislation the terms and assigned meanings specified in the RKC. However, we note that in some cases it may be difficult for Pakistan to comply with its obligations under the RKC if certain of the customs-specific terms defined in the RKC are not used in Pakistan's customs legislation, or - if such a term is used - it is assigned a meaning that differs materially from that specified in the RKC, which reflects the generally accepted meaning of the term in international practice.

With regard to many of the other terms defined in the RKC that are not customs-specific (or are unique to the RKC, such as the phrase "*Travelers*" discussed immediately below) the question is not whether Pakistan's customs legislation uses the same terminology. The question is whether - when reviewing compliance with a specific standard that uses a term defined by the RKC - Pakistan's customs legislation and practice, as a matter of substance, complies with requirement of such standard, regardless as to whether Pakistan's customs legislation and practice uses the same terminology

The five defined terms and associated meanings provided in Chapter 1 of Specific Annex J are:

- "dual-channel system" means a simplified Customs control system allowing travellers on arrival to make a declaration by choosing between two types of channel. One, identified by green symbols, is for the use of travellers carrying goods in quantities or values not exceeding those admissible duty-free and which are not subject to import prohibitions or restrictions. The other, identified by red symbols, is for other travellers;
- "means of transport for private use" means road vehicles and trailers, boats and aircraft, together with their spare parts and normal accessories and equipment, imported or exported exclusively for personal use by the person concerned and not for the transport of persons for remuneration or the industrial or commercial transport of goods, whether or not for remuneration;
- "traveler" means :
 - (1) any person who temporarily enters the territory of a country in which he or she does not normally reside ("non-resident") or who leaves that territory; and
 - (2) any person who leaves the territory of a country in which he or she normally resides ("departing resident") or who returns to that territory ("returning resident");
- "personal effects" means all articles (new or used) which a traveller may reasonably require for his or her personal use during the journey, taking into account all the circumstances of the journey, but excluding any goods imported or exported for commercial purposes;
- "temporary admission" means the Customs procedure under which certain goods can be brought into a Customs territory conditionally relieved from payment of import duties and taxes; such goods must be imported for a specific purpose and must be intended for re-exportation within a specified period and without having undergone any change except normal depreciation due to the use made of the goods.

1. Standard	The Customs facilities applicable to travelers shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.
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Overall Assessment: Not Applicable

Relevant Law:

- [None]

Discussion:

Standard 1 does not establish a requirement that a national customs regime must comply with. It only provides that customs facilities applicable to travelers are to be governed by Chapter 1 of Annex J and the applicable provisions of the General Annex.

Conclusion: Any compliance issues with respect to Standard 1 will be identified in the individual compliance assessments for the standards and recommended practices of Chapter 1.

Recommendations: Recommendations are provided in the context of the individual assessments for Chapter 1 whenever compliance with Standard 1 is implicated.

2. Standard	The Customs facilities provided for in this Chapter shall apply to travelers irrespective of their citizenship/nationality.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules
- Baggage Rules, SRO 666(I)/2006 dated 28-06-2006.

Discussion:

Introductory note: The standard requires that customs facilities covered in Chapter 1 are to be applied without discrimination based on the traveler's citizenship or nationality.

Law: Under the 'Baggage Rules, 2006, issued vide Notification Number SRO 666(I)/2006 dated 28-06-2006, the facilities available to travelers are uniformly available irrespective of their citizenship or nationality of such travelers. This is clearly borne out from rule 6 of the said Rules. For facility of reference, rule 6 is reproduced below:

Allowances for foreign nationals and tourists: The following allowances shall be admissible to foreign national and tourist, namely:

- Personal wearing apparel and clothing accessories;
- Personal adornments, toilet requisites and electric shaver in use;
- Medals, trophies and prizes bestowed upon a passenger;
- One electric iron and one hair dryer;
- Two hundred cigarettes or fifty cigars or half kilogram of
- Manufactured tobacco;
- One desktop or laptop computer in personal use only;
- One mobile phone;
- One wrist watch;
- One still camera and one video camera;
- Professional tools of the value not exceeding five hundred US dollars;
- Additional duty free allowance of the value not exceeding one hundred US dollars; and
- Pushcart, toys, and goods of personal use of the accompanying child.

Practice: The practice is in accordance with the provisions of law.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

3. Standard	The Customs shall designate the Customs offices at which Customs formalities relating to travelers may be accomplished. In determining the competence and location of these offices, and their hours of business, the Customs shall take into account in particular the geographical situation and existing volumes of passenger traffic
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Overall Assessment: Compliant

Relevant Law:

- Customs Act; Sections 9 and 10

Discussion:

Law: Section 9 of the Customs Act, empowers FBR to declare the places which alone shall be the 'Customs-ports', 'Customs-airports' and 'Land Customs stations'. Such ports, airports and stations are used for loading and unloading of goods and receive travelers and their baggage. Under section 10 of the Act, Customs offices have been appointed by FBR, inter alia, to accomplish Customs formalities relating to travelers at such ports, airports and land border Customs stations. Some of the Notifications relating to declaration of Customs ports, airports and specifying the limits of any Customs station have been also listed below:

- SRO 101(I)/83 of 12-02-1983
- SRO102(I)/83 of 12-02-1983
- SRO104(I)/83 of 12-02-1983
- SRO 1250(I)/73 of 24-08-1973
- SRO 108(I)83 of 12-02-1983
- SRO 1134(I)/86 of 30-12-1986
- SRO 210(I)/92 of 16-03-1992

Sections 9 and 10 read as follows:

Declaration of customs–ports, customs airports, etc.: The Board may, by notification in the official Gazette, declare:

- (a) The places which alone shall be customs-ports or customs-airports for the clearance of goods or any class of goods imported or to be exported;
- (b) The places which alone shall be land customs-stations for the clearance of goods or any class of goods imported or to be exported by land or inland waterways;

In determining the competence and location of the Customs offices, and their hours of business, the FBR/Customs have taken into consideration the particular geographical situation and existing volumes of passenger traffic.

The requirements of the Standard thus stand satisfied in the law.

Practice: While notifying the Customs ports, Customs stations and in designating Customs offices, FBR/Customs, keeps in view, inter alia, the requirements of the travelers and their baggage.

Resource Persons:

- Mr. Mohammad Yahya, Chief Collector (South), Customs House, Karachi.
- Dr. Arslan Subaktagin, Collector of Customs, MCC, Gwadar.

Conclusion: The law and practice are in compliance with the Standard.

Recommendation: None

4. Standard	Subject to compliance with the appropriate Customs controls, travelers entering or leaving the country by their means of transport for private use shall be permitted to accomplish all necessary Customs formalities without, as a matter of course, having to leave the means of transport in which they are travelling.
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Overall Assessment: Non-Compliant

Relevant Law:

- The Customs Act

Discussion:

Law: Nothing in Pakistan's customs regime addresses this issue.

Practice: Passengers entering or leaving Pakistan at borders Customs stations at Taftan, Chamman, Torkham, Sost and Wahgah are required to exit their vehicles for baggage examination and completion of Customs formalities.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are not in compliance with the Standard.

Recommendations: Procedures should be adopted that, as far as practicable, allow travelers to accomplish customs formalities without leaving the mode of transport. Risk management should be applied so that Customs only requires a traveler to exit the means of transport if there is some specific reason. Requiring *all* travelers to exit the mode of transport at the border is contrary to Standard 4.

5. Recommended Practice	Travelers entering or leaving the country by road vehicle for commercial use or train should be permitted to accomplish all necessary Customs formalities without, as a matter of course, having to leave the means of transport in which they are travelling.
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Overall Assessment: Non-Compliant

Relevant Law:

- The Customs Act
- The Customs General Order 12/2002 dated 15-6-2002.

Discussion:

Law: The law is not compliant with this Standard as the travelers entering or leaving the country by road vehicle for commercial use or train are not permitted to accomplish all necessary Customs formalities without, as a matter of course, having to leave the means of transport in which they are travelling. For train service between India and Pakistan at Wahgah Railway Station, Customs have installed baggage scanning machines and CC TVs where all baggage, including hand baggage, are required to pass through the machine in accordance with Paragraph 107 of CGO 12/2002. The passengers entering or leaving Pakistan at border customs stations at Taftan, Chamman, Torkham and Sust are required to exit the vehicles for baggage examination and completion of Customs formalities.

107. Procedure regarding the clearance of Passenger's Baggage after installation of CCTV cameras and scanners at five International Airports and Wagah Railway Station.--In order to facilitate passengers, control smuggling and eliminate complaints of import of commercial goods in the garb of passenger's baggage, Government of Pakistan entered into an agreement with M/s. Philips Electrical Industries (Pakistan) Ltd., aimed at X-ray scanning of the baggage of the passengers, incoming and outgoing through international flights, in the case of airports at Karachi, Lahore, Islamabad, Peshawar, Quetta and through train-service between India and Pakistan, in the case of Wagah Railway Station. Pursuant to the said agreement necessary electronic equipment including CCTV and baggage scanning machines are operational from 4th December, 1999 at the aforesaid places. The following procedure will be followed by all concerned:--

A. INTERNATIONAL ARRIVAL HALL:

1. The equipment *i.e.* baggage scanning machines, CCTV, *etc.*, installed at the customs station shall be made operational as per the agreement between M/s. Philips Electrical Industries (Pak) Ltd., and the Central Board of Revenue.
2. All baggage including hand baggage of the incoming passengers shall pass through the scanning machines. However, all incoming passengers will have an option to declare dutiable/contraband goods at the "Voluntary Declaration Baggage Counter", specially set up for the purpose, before their baggage is passed through the scanning

1 Para 107 superseded by Customs General Order No 10 of 2006, dated 7th August, 2006. Reported as PTCL 2007 St. 83.



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machines.

3. The baggage scanning machines shall generate a serially numbered machine number for every package that is passed through it. The machine number shall be in a running serial order for every day commencing from 00 hours.
4. The baggage scanning machines shall be manned and operated by M/s. Philips Electrical Industries (Pak) Ltd. Their machine operator assisted by a Customs Officer, deputed by the Shift Incharge of Customs shall identify baggage containing dutiable/contraband goods to the best of their knowledge and ability and shall affix a sticker carrying the serially generated machine number as aforesaid. The serial number on the sticker shall be written by the machine operator and signed by the assisting customs officer using indelible ink. The machine operator shall record this event in his own register, which shall be countersigned by the assisting Customs Officer (proforma at Annex-"A") and the baggage would be directed towards the customs examination counter for examination by Customs Officer.
5. Any baggage, which has passed through the scanning machine, and is found not to contain any dutiable/contraband goods would be allowed clearance immediately. This would be in consonance with the "Green Channel" facility. Such baggage, once cleared, shall only be examined on the orders of the Shift Incharge of Customs, who has sufficient reasons to believe that the "baggage" contains dutiable/contraband goods. Such examinations, however, shall only be conducted under very special circumstances and under the direct supervision of the Shift Incharge. The Shift Incharge shall record such examination in a register maintained for the purpose (proforma at Annex-B).
6. At the examination counter the baggage shall be received by the customs officer. Before the examination of the baggage, the customs officer shall write down the particulars of the passenger as well as the machine number on the Passenger's Baggage Assessment Slip (proforma at Annex - "C"). All the contents of the baggage shall be noted down in the Assessment Slip. One copy of Assessment Slip shall be retained by the passenger and the other shall be kept for customs record and subsequent audit.

B. INTERNATIONAL DEPARTURE:--

1. All the baggage of the outgoing passengers including hand



baggage shall pass through the baggage scanning machine. However, outgoing passengers will have an option to declare any dutiable, contraband goods being taken out of the country before the baggage is passed through the scanning machines.

2. The machine operator assisted by a Customs Officer, deputed by the Shift Incharge of Customs shall identify baggage containing dutiable/contraband goods to the best of their knowledge and ability and shall affix a sticker carrying the serially generated machine number as aforesaid. The serial number on the sticker shall be written by the machine operator and signed by the assisting customs officer, using indelible ink. The machine operator shall record this event in his own register and signed by the assisting Customs Officer (proforma at Annex-"A") and the baggage would be directed towards the customs examination counter for examination by the Customs Officer.
3. Any baggage, which as passed through the scanning machine, and is found not to contain any dutiable/contraband goods, would be allowed clearance immediately. This would be in consonance with the "Green Channel" facility. Such baggage, once cleared, shall only be examined on the orders of the Shift Incharge of Customs, who has sufficient reasons to believe that the "baggage" contains dutiable/contraband goods. Such examinations, however, shall only be conducted under very special circumstances and under the direct supervision of the Shift Incharge. The Shift Incharge shall record such examination in a register maintained for the purpose (proforma at Annex-D).
4. At the examination counter the baggage shall be received by the customs officer. Before the examination of the baggage, the customs officer shall write down the particulars of the passenger as well as the machine number on the Passenger's Baggage Assessment Slip (proforma at Annex-"C"). All the contents of the baggage shall be noted down in the Assessment Slip. One copy of the Assessment Slip shall be retained by the passenger and the other shall be kept for customs record and subsequent audit.
2. M/s. Philips Electrical Industries (Pak) Ltd. shall ensure smooth operation of the equipment. If there is a failure of equipment due to technical or any other reason the shift incharge of Customs shall immediately record the event in a register (Annex-"E") especially kept for this purpose. Such instances shall also be brought to the notice of the concerned Assistant/Deputy Collector of Customs incharge on daily basis.

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Customs General Orders

(to be filled only by the Shift Incharge of Customs):

Currency, bullion, gold, precious stone & jewellery: _____

S. No	Description of goods	Taxable Value (Value & Freight)	Customs Duty	Sales Tax	Misc.	Total

ANNEX - "C"

Machine No.: _____

Date: _____

CUSTOMS STATION: _____

LIST OF BAGGAGE BROUGHT BY THE PASSENGER

(a) Name of the passenger: _____ (b) Nationality _____

(c) Flight No. _____ (d) Arrived from: _____ (e) Profession _____

(f) No. of previous visits: _____ (g) Duration of stay abroad: _____

(h) Full address of the passenger: _____

Currency, bullion, gold, precious stone & jewellery: _____

S. No.	Description of goods	Taxable Value (Value & Freight)	Customs Duty	Sales Tax	Misc.	Total



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3. M/s. Philips Electrical Industries (Pak) Ltd., shall make recording of CCTV observations areas utilizing the installed equipment. Images shall be recorded on a single VHS cassette using a Philips dual head time lapse recorder. The company shall also maintain duplicate record of films in its own premises in Karachi, Lahore and Islamabad for maximum of 120 days or lesser as required by CBR, in times of the agreement.

4. M/s. Philips Electrical Industries (Pak) Ltd. will provide to the CBR at the end of each month a breakdown of Systems Operations statistics showing due performance of the "Systems Operations" and the CBR at its own costs shall have the right to audit directly or through independent auditors the statistics provided hereunder for determining compliance by the Company with the minimum uptime obligation set out in the Agreement.

ANNEX - "A"

S. No.	Date/Time	Machine No.	Flight No.	Signatures of machine operator & Customs Officer.

ANNEX - "B"

Machine No.: _____

Date: _____

CUSTOMS STATION: _____

LIST OF BAGGAGE BROUGHT BY THE PASSENGER

- (a) Name of the passenger: _____ (b) Nationality _____
- (c) Flight No. _____ (d) Arrived from: _____ (e) Profession _____
- (f) No. of previous visits: _____ (g) Duration of stay abroad: _____
- (h) Full address of the passenger: _____
- Reasons for examination of baggage: _____



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ANNEX - "D"

Machine No. _____

Date _____

CUSTOMS STATION: _____

LIST OF BAGGAGE BROUGHT BY THE PASSENGER

- (a) Name of the passenger: _____ (b) Nationality _____
(c) Flight No. _____ (d) Departure to: _____ (e) Profession _____
(f) No. of previous visits: _____ (g) Duration of stay abroad: _____
(h) Full address of the passenger: _____
Currency, bullion, gold, precious stone & jewellery: _____

S. No.	Description of goods	Taxable Value (Value & Freight)	Customs Duty	Sales Tax	Misc	Total
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108. Procedure regarding clearance of incoming international passengers.--It has been decided to have a system of simplified customs control, based on the dual channel system such that allow the passengers to choose between two types of channels:--

- a. Green Channel for passengers having with them no goods or only goods which can be admitted free of import duties and taxes and which are not subject to import prohibitions or restrictions; and
- b. Red Channel for other passengers.

2. Each channel should be separated with appropriate partitioning and with properly indicated entrances and be distinctively marked and sign-posted so that the choice between them can easily be understood by passengers.

Para 108 superseded by Customs General Order No. 10 of 2006, dated 7th August, 2006.
Reported as PTCL 2007 St. 83

Practice: Practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are not in compliance with the Standard.

Recommendations: Procedures should be adopted that, as far as practicable, allow travelers to accomplish customs formalities without leaving the mode of transport. Risk management should be applied so that Customs only requires a traveler to exit the means of transport if there is some specific reason. Requiring *all* travelers to exit the mode of transport at the border is contrary to Recommended Practice 5.

6. Recommended Practice	The dual-channel system should be used for the Customs control of travelers and the clearance of goods carried by them and, where appropriate, their means of transport for private use.
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Overall Assessment: Substantially Compliant

Relevant Law:

- The Customs Act
- The Customs General Order 10/2006 dated 07-08-2006.

Discussion:

Law: The Customs have by virtue of Customs General Order 10/2006 dated 07-08-2006, laid down the procedure of 'dual channel system' for facilitating passengers for their prompt and hassle free passage and clearance of their baggage at the international airports.

The dual channel system has, however, not been applied in case of means of transport for private use owing to the security constraints.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi

Conclusion: The law and practice are in substantial compliance with the Recommended Practice.

Recommendations: As far as is practicable from security point of view, facilities as enunciated in the RKC Standard, the dual-channel system may also be provided to travelers for their means of transport for private use.

7. Recommended Practice	Regardless of the mode of transport used a separate list of travelers or of their accompanying baggage should not be required for Customs purposes.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.
- Baggage Rules, SRO 666(I)/2006 dated 28-06-2006.

Discussion:

Law: The Customs Act and the rules made there under do not provide for filing with Customs, a separate list of travelers or of their accompanying baggage.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with the Recommended Practice.

Recommendations: None

8. Recommended Practice	The Customs, in co-operation with other agencies and the trade, should seek to use internationally standardized advance passenger information, where available, in order to facilitate the Customs control of travelers and the clearance of goods carried by them.
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Overall Assessment: Substantially Compliant

Relevant Law: [None]

Discussion:

Law: There are no provisions on the use of internationally standardized advance passenger information in the Customs Act or the Customs Rules.

Practice: The computerization of the offices of FIA (Immigration Authority), the Airlines, the Civil Aviation Authority, and Customs has made it increasingly possible to exchange advance passenger information in an internationally standardized manner. This practice is in use by Customs at airports. Exchange of advance passenger information in internationally standardized manner is in practice at Customs airports in Pakistan and Customs make use of this facility whenever so required.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law is silent on the issue. The practice is in substantial compliance with the Recommended Practice.

Recommendations: The FIA and the Airlines should be required to routinely share internationally standardized advance passenger information with Customs.

9. Recommended Practice	Travelers should be permitted to make an oral declaration in respect of the goods carried by them. However, the Customs may require a written or electronic declaration for goods carried by travelers which constitute an importation or exportation of a commercial nature or which exceed, in value or quantity, the limits laid down in national legislation.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 139

Discussion:

Law: Section 139 of the Customs Act (the Act) meets the requirements of this 'Recommended Practice'. The said section provides that the owner of any baggage shall make a verbal or written declaration of the contents of his baggage.

Section 139 reads as follows:

139. Declaration by passenger or crew of baggage: The owner of any baggage whether a passenger or a member of the crew shall, for the purposes of clearing it, make a verbal or written declaration of its contents in such manner as may be prescribed by rules to the appropriate officer and shall answer such questions as the said officer may put to him with respect to his baggage and any article contained therein or carried with him and shall produce such baggage and any such articles for examination:

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with the Recommended Practice.

Recommendations: None

10. Standard	Personal searches of travelers for the purposes of Customs control shall be carried out only in exceptional cases and when there are reasonable grounds to suspect smuggling or other offences.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 158.
- The Baggage Rules SRO 666(I)/2006 dated 28-06-2006.

Discussion:

Law: The ingredients of this Standard are akin to the provisions of section 158 of the Customs Act which provides for search of a suspected person only when there exists reasonable grounds to believe that such person is carrying about himself goods liable to confiscation or any documents relating thereto. The said section is reproduced below:

158. Power to search on reasonable ground:

- (1) The appropriate officer, if he has reason to believe that any person is carrying about himself goods liable to confiscation or any documents relating thereto, may search such person, if he has landed from or is on board or is about to board a vessel within the Pakistan customs-waters, or if he has alighted from, or is about to get into or is in any other conveyance arriving in or proceeding from Pakistan, or if he is entering or about to leave Pakistan, or if he is within the limit of any customs-area.
- (2) Without prejudice to the provisions of sub-section (1) the appropriate officer may search a person, if he has reason to believe that such person is carrying about himself smuggled Platinum, any radioactive mineral, gold, silver or precious stones, manufactures of Platinum, any radioactive mineral, gold, silver or precious stones, or currency, or any other goods or class of goods notified by the ¹[Federal Government] in the official Gazette, or any documents relating to any one or more of the aforementioned goods.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

11. Standard	<p>Goods carried by travelers shall be stored or kept, subject to the conditions prescribed by the Customs, pending clearance under the appropriate Customs procedure, re-exportation or other disposal in accordance with national legislation in the following cases:</p> <ul style="list-style-type: none"> • At the traveler's request; • When the goods concerned cannot be cleared immediately; or • Where the other provisions of this Chapter do not apply to such goods.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 142
- The Baggage Rules, SRO 666(I)/2006 dated 28-06-2006.

Discussion:

Law: The provisions of section 142 of the Customs Act (the Act), covers the situation as envisaged by this Standard. It, inter alia, provides for temporary detention of any article of baggage, the import whereof is prohibited or restricted or where request is made by a passenger for its detention and re-export.

Section 142 reads as follows:

142. Temporary detention of baggage: Where the baggage of a passenger contains any article which is dutiable or the import of which is prohibited or restricted and in respect of which a true declaration has been made under section 139, and about which the appropriate officer is satisfied that these were not imported with the intention of consumption in Pakistan, he may, at the request of the passenger, detain such article for the purpose of being returned to him on his leaving Pakistan.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

12. Standard	Unaccompanied baggage (i.e. baggage arriving or leaving before or after the traveller) shall be cleared under the procedure applicable to accompanied baggage or under another simplified Customs procedure.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 139.
- The “Baggage Rules, 2006”, SRO 666(I)/2006 dated 28-06-2006 (as amended), rule 7.

Discussion:

Law: Section 139 of the Customs Act read with rule 7 of the “Baggage Rules, 2006” fulfills the requirements of this Standard. Under rule 7 of the said Rules, for the unaccompanied baggage, the passenger is required to file a simplified ‘Baggage declaration’ as given in Appendix-B thereof.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

13. Standard	Any authorized person shall be allowed to present unaccompanied baggage for clearance on behalf of the traveller.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 90
- The Baggage Rules SRO 666(I)/2006 dated 28-06-2006.

Discussion:

Law: Under clauses (a) and (b) of Customs Rule 90 a person is appointed as customs agent by the licensing authority (i.e. a Collector of Customs or an officer authorized by him) to carry out Customs business including clearance of baggage.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

14. Recommended Practice	A system of flat-rate assessment should be applied to goods declared for home use under the facilities applicable to travelers, provided that the importation is of a non-commercial nature and that the aggregate value or quantity of the goods does not exceed the amounts laid down in national legislation.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.
- SRO 682(I)/2006 dated 29-06-2006.
- The Baggage Rules SRO 666(I)/2006 dated 28-06-2006.

Discussion:

Law: Exemption granting Notification No. SRO 682(I)/2006 dated 29-06-2006, provides exemption and a flat rate of duty on passengers' baggage, whether accompanied or unaccompanied, imported under baggage rules, 2006, by bonafide passengers provided the goods are not in commercial quantity. The restrictions, conditions, allowances and facilities as provided in the Baggage Rules (Notification No. SRO 666(I)/2006 dated 28-6-2006) and Trade Policy, for the time being in force are applicable to such imports. Bonafide baggage items like Personal effects and items of personal and professional use such as mobile phones, lap-top computers, cameras and the like are exempt from levy of duties and taxes. Some other house hold items such as air conditioners, refrigerators, video cameras and other items in excess of the exempt baggage are chargeable to consolidated duties in terms of amounts of US Dollars (flat rates of duty) with option to pay in equivalent Pakistani Rupees instead of charging duties, sales tax and with-holding tax at multiple rates.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with the 'Recommended Practice'.

Recommendations: None

15. Recommended Practice	Wherever possible, the use of credit cards or bank cards should be acceptable as a means of payment for services rendered by the Customs and for duties and taxes.
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Overall Assessment: Non-Compliant

Relevant Law:

- The Customs Act.
- The Baggage Rules SRO 666(I)/2006 dated 28-06-2006.

Discussion:

Law: Customs do not collect duties and taxes or payments for their services, if any, directly. Instead payments are made directly into the National Bank of Pakistan. The branches and booths of the Bank accept only cash or pay order for payment of duties and taxes. This being so, the law is not compliant with the Recommended Practice.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are not in compliance with the 'Recommended Practice'.

Recommendations: FBR/Customs should take up the issue with the Ministry of Finance, the State Bank of Pakistan and the National Bank of Pakistan to make arrangements to allow payments of duties and taxes at the airports and land Customs border stations through credit cards or bank cards. This could be done by making certain that there is a cashier for the NBK having the necessary technical processing equipment at each such entry point.

16. Recommended Practice	<p>The quantities of tobacco goods, wine, spirits and perfume allowed to be imported free of import duties and taxes by travelers should be not less than:</p> <ul style="list-style-type: none"> a) 200 cigarettes or 50 cigars or 250 grams of tobacco, or an assortment of these products of a total weight not exceeding 250 grams; b) 2 liters of wine or 1 liter of spirits; c) ¼ liter of toilet water and 50 grams of perfume. <p>The facilities provided for tobacco goods and alcoholic beverages may, however, be restricted to persons who have reached a certain age and may not be granted, or may be granted in reduced quantities only, to persons who cross the border frequently or who have been out of the country for less than 24 hours.</p>
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The 'Baggage Rules, 2006' SRO 666(I)/2006 dated 28-06-2006

Discussion:

Law: Rule 3 of the Baggage Rules, 2006 (Notification No. SRO 666(I)/2006 dated 28-06-2006) allows at S. No. (v), 200 cigarettes or 50 cigars or half kg of manufactured tobacco. The said rule, under clause (c) thereof, further allows, once in a year, duty free allowances of the aggregate value up to 500 US Dollars in which a passenger may as well include toilet water or perfume of reasonable quantity/volume. Wine or spirits, however, are not permitted for import in baggage at all for religious reasons.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Additional Collector of Customs, (Preventive), Customs House Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No. 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with the 'Recommended Practice'.

Recommendations: None

17. Recommended Practice	In addition to the consumable products allowed to be imported free of import duties and taxes within specified quantitative limits, travelers should be permitted to import, free of import duties and taxes, goods of a strictly non-commercial nature up to an aggregate value of 75 Special Drawing Rights (SDRs). A lower amount may be fixed for persons less than a certain age or for persons who cross the frontier frequently or who have been out of the country for less than 24 hours.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The 'Baggage Rules, 2006' SRO 666(I)/2006 dated 28-06-2006

Discussion:

Law: Under Rule 3 of the Baggage Rules, 2006, passengers of Pakistan origin returning from abroad may bring besides personal wearing apparel and other personal effects certain specified articles/items free of duties and taxes. Rule 3 provides as follows. There is a shorter list of personal effects that may be imported duty and tax free by foreign passengers.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with this recommended practice.

Recommendations: None

18. Standard	Returning residents shall be permitted to re-import free of import duties and taxes personal effects and their means of transport for private use which they took with them at the time of their departure from the country and which were in free circulation in that country.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The 'Baggage Rules, 2006' SRO 666(I)/2006 dated 28-06-2006

Discussion:

Law: Returning passengers are allowed under rule 12 of the Baggage Rules, 2006, Notification No. SRO 666 (I)/2006, dated 28-06-2006, to re-import free of customs-duty and taxes, goods otherwise liable to duty and taxes, upon return.

The said rule reads as under:

12. Re-import of baggage: Goods otherwise liable to customs-duty and taxes shall, upon return of the passenger, be importable free of customs-duty and taxes, if the same are taken out of Pakistan against export certificate or endorsement on passport specifying exact description and distinguishable marks thereof certified by the Assistant Collector of Customs at the time of passenger's departure from Pakistan.

Clause (I) of section 2 defines the goods as under:

- (I) "goods" means all movable goods and includes:
- Conveyance,
 - Stores and materials,
 - Baggage, and
 - Currency and negotiable instruments;

Thus the means of transport for private use which the passengers take with them at the time of their departure from the country and which are in free circulation in that country are permitted to be re-imported free of import duties and taxes. The law is thus compliant with the Standard.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

19. Standard	<p>The Customs shall not require a Customs document or security for the temporary admission of personal effects of non-residents unless :</p> <ul style="list-style-type: none"> • They exceed, in value or quantity, the limits laid down in national legislation; or • They are deemed by the Customs to be a risk to the Revenue.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The 'Baggage Rules, 2006' SRO 666(I)/2006 dated 28-06-2006, rule 6 and 15(a)

Discussion:

Law: Rule 6 of the Baggage Rules, 2006, does not require any Customs document for clearance of goods covered by duty-free allowances. However, if any item is imported in commercial quantity, the same shall not be allowed to be imported free of duties and taxes as per provisions of clause (a) of rule 15 of the said rules. Therefore such goods shall require a 'Goods declaration' for Customs clearance.

There is however no requirement for filing any document or security for the temporary admission of personal effects of non-residents.

For facility of reference, the said provisions are reproduced below:

6. Allowances for foreign nationals and tourists: The following allowances shall be admissible to foreign national and tourist, namely:

- Personal wearing apparel and clothing accessories;
- Personal adornments, toilet requisites and electric shaver in use;
- Medals, trophies and prizes bestowed upon a passenger;
- One electric iron and one hair dryer;
- Two hundred cigarettes or fifty cigars or half kilogram of
- Manufactured tobacco;
- One desktop or laptop computer in personal use only;
- One mobile phone;
- One wrist watch;
- One still camera and one video camera;
- Professional tools of the value not exceeding five hundred US dollars;
- Additional duty free allowance of the value not exceeding one hundred US dollars
- Pushcart, toys, and goods of personal use of the accompanying child.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

20. Standard	<p>In addition to clothing, toilet articles and other articles obviously of a personal nature, the following shall in particular be considered to be non-residents' personal effects :</p> <ul style="list-style-type: none"> • Personal jewelry; • Still and motion picture cameras together with a reasonable supply of films, tapes and accessories therefore; • Portable slide or film projectors and accessories therefore together with a reasonable quantity of slides or films; • Binoculars; • Portable musical instruments; • Portable sound reproduction devices including tape recorders, compact disc players and dictating machines with tapes, records and discs; • Portable radio receivers; • Cellular or mobile telephones; • Portable television sets; • Portable typewriters; • Portable personal computers and accessories; • Portable calculators; • Baby carriages and strollers; • Wheelchairs for invalids; • Sporting equipment.
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Overall Assessment: Substantially Compliant

Relevant Law:

- The Customs Act
- The 'Baggage Rules, 2006' SRO 666(I)/2006 dated 28-06-2006, rule 6

Discussion:

Law: The requirements of this Standard are substantially satisfied by provisions of rule 6 of the Baggage Rules, 2006. Some of the items such as portable sound reproduction devices including tape recorders, compact disc players and dictating machines with tapes, records and discs and portable typewriter are, however, not specifically included in the provisions of the said rule because at present the latest personal technological gadgets have replaced them which are included in the rule. Even otherwise, by virtue of clause (xii) of said rule, all these goods if not valuing over 100 US \$ are allowed to be imported free of duties and taxes.

The said rule 6 is reproduced below:

6. Allowances for foreign nationals and tourists: The following allowances shall be admissible to foreign national and tourist, namely:

- Personal wearing apparel and clothing accessories;
- Personal adornments, toilet requisites and electric shaver in use;
- Medals, trophies and prizes bestowed upon a passenger;
- One electric iron and one hair dryer;
- Two hundred cigarettes or fifty cigars or half kilogram of manufactured tobacco;
- One desktop or laptop computer in personal use only;
- One mobile phone;
- One wrist watch;
- One still camera and one video camera;
- Professional tools of the value not exceeding five hundred US dollars;

- Additional duty free allowance of the value not exceeding one hundred US dollars; and
- Pushcart, toys, and goods of personal use of the accompanying child.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: In view of the above discussion, FBR may consider revising the list given in rule 6 of the Baggage Rules, 2006, to include all items therein or their latest substitutes in line with the RKC provisions as contained in instant Standard.

21. Standard	Where it is necessary to lodge a temporary admission declaration for non-residents' personal effects, the time limit for temporary admission shall be fixed by reference to the length of the traveler's stay in the country, provided that any limit laid down in national legislation is not exceeded.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The 'Baggage Rules, 2006' SRO 666(I)/2006 dated 28-06-2006, rule 10

Discussion:

Law: The requirements of this Standard are satisfied by provisions of rule 10 of the Baggage Rules, 2006. According to the said rule the appropriate officer of Customs may allow temporary release for a period of thirty days is admissible to a foreign national or tourist without payment of duties and taxes.

The said rule is reproduced below:

10. Temporary release:

- An officer of Customs not below the rank of Superintendent may allow temporary release of any personal and professional tools, equipments, computers, cameras, video camera fitted with VCR or a video camera and VCR without payment of customs-duties by making an endorsement to that effect of serial number, or other identifications on the passport of foreigners or against a bank guarantee for export within thirty days or return of the tourist whichever is earlier'.
- The items released under sub-rule (1) shall not be sold in Pakistan and the tourist shall take such items out of Pakistan with him personally or may export the same on or before his departure from Pakistan.

The non-resident travelers are thus allowed to lodge a temporary admission declaration for temporary admission of their personal effects up to the period of their stay in the country but not exceeding one month.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

22. Standard	At the request of the traveller, and for reasons deemed valid by the Customs, the latter shall extend the period of temporary admission initially fixed for a non-resident's personal effects, provided that any limit laid down in national legislation is not exceeded.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 224
- The 'Baggage Rules, 2006' SRO 666(I)/2006 dated 28-06-2006, rule 10

Discussion:

Law: The period of one month fixed by rule 10 of the Baggage Rules, 2006, may be condoned under section 224 of the Customs Act, by the Federal Government or FBR or an appropriate officer or an application made by the non-resident traveller, in writing in this behalf. The said section 224 is reproduced below:

Extension of time limit: The Federal Government, the Board or the appropriate officer of customs, may, upon being approached by an aggrieved party if satisfied that the delay was beyond the control of the applicant and that by granting such extension there is a possibility of some loss or hardship to the applicant being mitigated or prevented, condone the delay and extend the time limit laid down in this Act or the rules made there under.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

23. Standard	Non-residents shall be granted temporary admission in respect of their means of transport for private use.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 77

Discussion:

Law: Non-residents visiting Pakistan are given delivery of means of transport for personal use against a carnet-de-passage or a bank guarantee under rule 77 of the Customs Rules, 2001, which is reproduced below:

- Temporary import of vehicles by tourists, etc.
- 1) A tourist who imports a vehicle against carnet-de-passage or a bank guarantee may be given delivery thereof by the officer-in-charge of the Customs-station of entry without payment of customs-duties for its retention in Pakistan for a period of three months if such tourist makes a declaration at the Customs-station of entry to the effect that he will not constructively or substantially transfer the ownership of the vehicles to any other person during his stay in Pakistan:

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

24. Standard	Fuel carried in the normal tanks of the means of transport for private use shall be admitted free of import duties and taxes.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 77

Discussion:

Law: Fuel carried in the normal tanks of the means of transport for private use is admitted free of import duties and taxes and rule 77 of the Customs Rules, 2001, does not require the non-resident to pay duties and taxes on the fuel so contained in the normal tank of the said means of transport.

The law thus satisfies the requirements of the said Standard.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi.

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

25. Standard	The facilities granted in respect of means of transport for private use shall apply whether the means of transport are owned, rented or borrowed by non-residents and whether they arrive with, before or after the traveller.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 77

Discussion:

Law: Rule 77 of the Customs Rules, 2001, (SRO 450(I)/2001 dated 18-6-2001) does not distinguish the means of transport for private use of a tourist arriving in Pakistan, whether owned, rented or borrowed by him and whether they (means of transport) arrive with, before or after the traveller. The requirement of the Standard is thus satisfied by the law. In practice as well no such condition is imposed by the Customs at the time of temporary admission/release of such means of transport for personal use.

The said rule 77 of the Customs Rules, 2001, is reproduced below:

77. Temporary import of vehicles by tourists, etc.:

- 1) A tourist who imports a vehicle against carnet-de-passage or a bank guarantee may be given delivery thereof by the officer-in-charge of the Customs-station of entry without payment of customs-duties for its retention in Pakistan for a period of three months if such tourist makes a declaration at the Customs-station of entry to the effect that he will not constructively or substantially transfer the ownership of the vehicles to any other person during his stay in Pakistan:
- 2) If a tourist imports a vehicle for passage through Pakistan to a foreign destination, the officer-in-charge of the Customs-station of entry may, in the absence of carnet-de-passage or a bank guarantee, allow the vehicle to pass through Pakistan without payment of customs duties under escort from the Customs-station of entry to the Customs-station of exit on payment of escort charges to be determined by the respective Collector. The particulars of the vehicle so allowed to pass through Pakistan shall be endorsed on the passport of the importer.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

26. Recommended Practice	The Customs should not require a Customs document or security for the temporary admission of non-residents' means of transport for private use.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 77

Discussion:

Law: Under Rule 77 the Customs allow temporary admission of means of transport for own use against carnet-de-passage or a bank guarantee but does not require the traveller to file a separate Customs document for such temporary admission as security. The requirements of this Recommended Practice thus stand satisfied.

The said Rule 77 is reproduced below for convenience of reference:

77. Temporary import of vehicles by tourists, etc.:

- 1) A tourist who imports a vehicle against carnet-de-passage or a bank guarantee may be given delivery thereof by the officer-in-charge of the Customs-station of entry without payment of customs-duties for its retention in Pakistan for a period of three months if such tourist makes a declaration at the Customs-station of entry to the effect that he will not constructively or substantially transfer the ownership of the vehicles to any other person during his stay in Pakistan:

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

27. Recommended Practice	Where a Customs document or security is required for the temporary admission of non-residents' means of transport for private use, the Customs should accept standard international documents and securities.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 77

Discussion:

Law: Under rule 77 of the Customs Rules the 'means of transport for private use' is given temporary admission on production of carnet-de-passage which is an internationally accepted document.

The requirements of the 'Recommended Practice' are satisfied.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

28. Standard	Where it is necessary to lodge a temporary admission declaration for temporary admission of non-residents' means of transport for private use, the time limit for temporary admission shall be fixed by reference to the length of the non-resident's stay in the country, provided that any limit laid down in national legislation is not exceeded.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 77

Discussion:

Law: Rule 77 of the Customs Rules (SRO 450(I)/2001, dated 18-06-2001) empowers officer-in-charge of the Customs Station of entry to give delivery to the traveller of vehicle or means of transport for private use without payment of Customs duties and taxes for its retention within Pakistan for the period not exceeding three months without lodging a temporary admission declaration for temporary admission. This period of three months is the statutory period within which the traveller is required by the said rules, to re-export said 'means of transport for private use'.

Rule 77 is reproduced below:

Temporary import of vehicles by tourists, etc.:

- A tourist who imports a vehicle against carnet-de-passage or a bank guarantee may be given delivery thereof by the officer-in-charge of the Customs-station of entry without payment of customs-duties for its retention in Pakistan for a period of three months if such tourist makes a declaration at the Customs-station of entry to the effect that he will not constructively or substantially transfer the ownership of the vehicles to any other person during his stay in Pakistan:

The requirements of the Standard thus stand satisfied.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

29. Standard	At the request of the person concerned, and for reasons deemed valid by the Customs, the latter shall extend the period of temporary admission initially fixed for a non-resident's means of transport for private use, provided that any limit laid down in national legislation is not exceeded.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 77

Discussion:

Law: This Standard has nexus with Standard 23, 'Recommended Practice' 26 and Standard 28 of this Chapter. 'Means of transport for private use' of the traveller are admitted by Customs under rule 77 of the Customs Rules, 2001, for an initial period of three months subject his making a declaration that he will not constructively and substantially transfer the ownership of the vehicle to any other person during his stay in Pakistan. This is subject to production of carnet-de-passage or bank guarantee. Said period of three months is, however, extendable by Federal Board of Revenue (FBR) for another three months, on filing an application in writing stating therein the reasons for it being not practicable to export the subject means of transport within the stipulated period.

The provisions of the Standard are thus satisfied.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

30. Standard	Any replacement parts required for the repair of a means of transport for private use temporarily in the country shall be granted temporary admission.
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Overall Assessment: Non-Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 77

Discussion:

Law: Rule 77 of the Customs Rules is relevant which does not provide for allowing temporary admission to replacement parts, without charging customs duties and taxes, required for repair of a temporarily imported means of transport for private use.

The provisions of the Standard are thus not satisfied.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are not in compliance with this Standard.

Recommendations: Rule 77 of the Customs Rules, 2001, may be modified to provide that any replacement parts required for the repair of a means of transport for private use temporarily in the country shall be granted temporary admission, if these are not available at the place where the repairs are to take place.

31. Standard	The Customs shall allow non-residents' temporarily admitted goods to be re-exported through a Customs office other than that through which they were imported.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 2(l)
- The Customs Rules; Rule 583

Discussion:

Law: Temporarily admitted goods of non-residents are permitted to be re-exported under rule 583 of the Customs Rules through a Customs office other than that through which they were imported. The re-exportation may take place in one or more consignments. The said rule is reproduced below for convenience of reference:

Mode and manner of re-exportation: The temporarily admitted goods may be re-exported in one or more consignments. Such goods may also be re-exported through a Customs station other than that through which they were imported.

Clause (l) of section 2 defines the goods as under:

“goods” means all movable goods and includes

- Conveyance,
- Stores and materials,
- Baggage, and
- Currency and negotiable instruments;

The requirements of the Standard are fully met by the above-quoted rule.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

32. Standard	The Customs shall not require the re-exportation of non-residents' means of transport for private use or personal effects which have been seriously damaged or destroyed through accident or force majeure.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 58

Discussion:

Law: The provisions of rule 581 of the Customs Rules cater to the requirements of this Standard. Clause (d) of sub-rule (1) of the said rule provides that when the goods are seriously damaged by accident or force majeure the temporary admission shall stand terminated by;

- Clearance for home consumption on payment of import duties and taxes, subject to the conditions enumerated under the Imports and Exports (Control) Act, 1950, ((XXXIX) of 1950) or any other law for the time being in force;
- Relinquishing the goods to Customs, in which case, no payment of import duties and taxes shall be required; or
- Destroying the goods under the supervision of Customs.

The said rule 581 is reproduced below for convenience of reference:

Termination of temporary admission:

The temporary admission of goods shall be terminated by one or more of the following eventualities, namely:

- By re-exportation of the goods;
- By consigning the goods to a Customs warehouse for subsequent re-exportation;
- By clearance for home-consumption on payment of leviable import duties and taxes, subject to the conditions enumerated under the Imports and Exports (Control) Act, 1950, (XXXIX of 1950) or any other law for the time being in force;
- When the goods are seriously damaged by accident or force majeure, by recourse to
 - Action stipulated in clause (c);
 - Relinquishing the goods to Customs, in which case no payment of import duties and taxes shall be required; or
 - Destroying the goods under the supervision of Customs.
- In all these cases, an appropriate officer of Customs will make suitable entries in the ATA Carnet, certifying that the position regarding the goods has been regularized, and the Carnet holder and the guaranteeing and issuing organization will be discharged from their obligation accordingly.

The text of the reproduced law makes it clear that the stipulations of the Standard are adequately satisfied.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

33. Standard	The Customs formalities applicable to departing travelers shall be as simple as possible.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 583
- The Baggage Rules, 2006, SRO 666(I)/2006 dated 28-06-2006 (as amended), rule 11

Discussion:

Law: The Customs formalities applicable to departing travelers are as simple as possible as envisaged under Rule 11 of the Baggage Rules, 2006.

The said rule is reproduced below:

- Baggage of the outgoing passengers: All outgoing passengers shall be allowed to export their personal baggage and household goods, and any other goods provided their export is not prohibited or restricted under the Customs Act (IV of 1969) and Imports and Exports (Control) Act, 1950 (XXXIX of 1950) or any other law for the time being in force.

In case of 'means of transport for private use' which had been temporarily admitted under carnet-de-passage, the procedure for re-exportation is contained in rule 583 of the Customs Rules, 2001 which is reproduced below for ready reference:

- 583. Mode and manner of re-exportation: The temporarily admitted goods may be re-exported in one or more consignments. Such goods may also be re-exported through a Customs station other than that through which they were imported.

In both situations, the formalities are the bare minimum. The requirements of the Standard are satisfied.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

34. Standard	Travelers shall be permitted to export goods for commercial purposes, subject to compliance with the necessary formalities and payment of any export duties and taxes chargeable.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Baggage Rules, SRO 666(I)/2006 dated 28-06-2006 (as amended), rule 11.
- SRO 192(I)/2013, dated 08-03-2013, Section 4

Discussion:

Law: There is no bar under the Customs Act and the rules made there under on exportation in baggage by a traveller of goods in commercial quantities, provided requirements of any restrictions under the Act or any other law for the time being in force are met. Rule 11 of c states as under:

Baggage of the outgoing passengers: All outgoing passengers shall be allowed to export their personal baggage and household goods, and any other goods provided their export is not prohibited or restricted under the Customs Act (IV of 1969) and Imports and Exports (Control) Act, 1950 (XXXIX of 1950) or any other law for the time being in force.

Travelers are allowed to export goods for commercial purposes under provisions of the Import and Export Policy Order, 2013, of the Government of Pakistan issued vide Notification No. SRO 192(I)/2013, dated 08-03-2013. Section 4 of the said Order reads thus:-

Export of goods.

- Export of all goods shall be allowed except those specified in Schedule I. Export of goods specified in Schedule II shall be subject to the conditions given therein.
 - a) Export of samples subject to the following conditions, namely:
 - b) Export of gift parcels of a value not exceeding five thousand US dollars, or equivalent in Pak. Rupees;
 - c) Persons traveling outside Pakistan may take with them as accompanied baggage, goods without any restriction of quantity, or any requirement of encashment certificates provided that such goods do not include items listed in Schedule I and that in respect of items of Schedule II, the prescribed conditions have been met:

There being no Customs duties leviable on goods which are exported to any foreign territory, no duties and taxes will be charged on such goods being exported by a traveller.

The traveller shall have to show evidence that he has purchased the said goods against foreign exchange. The law satisfies the provisions of this Standard.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

35. Standard	At the request of residents leaving the country, the Customs shall take identification measures for certain articles when it will facilitate the re-importation free of duties and taxes.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 584
- Foreign Exchange (Control) Act
- Export Policy Order of 2013

Discussion:

Law: In the case when goods are being temporarily exported under cover of carnet de passage by a resident, the procedure applicable under rule 584 of the Customs Rules, 2001, shall be attracted. The Customs officers taking identifications measures shall record the same in the ATA Carnet book with his signatures and seal.

In the case when a resident is leaving the country and request Customs to take identification measures for certain articles being temporarily exported, the Custom officers shall, on the corollary of the ATA Carnet procedure, record the identification marks on the written application of the resident concerned and may make an entry to this effect in his passport as well. If the value of the subjects goods exceeds that admissible under Export Policy Order of 2013 he may be required to comply with applicable restrictions, if any under the Foreign Exchange (Control) Act, 1948.

The said Rule is reproduced below for convenience of reference:

Procedure for temporary exportation: The procedure applicable to the exportation of goods shall apply, mutatis mutandis, to the temporary exportation of goods under an ATA Carnet. Additionally, the appropriate officer will date, stamp and sign the yellow exportation counterfoil and voucher. While the yellow exportation counterfoil will be retained within the ATA Carnet, the yellow exportation voucher will be detached by the appropriate officer:

Provided that the exporter shall not be entitled to any duty drawback on goods temporarily exported from Pakistan under an ATA Carnet and intended for re-importation afterwards.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

36. Standard	Only in exceptional cases shall the Customs require a temporary exportation document for the personal effects and means of transport for private use of residents leaving the country.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules; Rule 584

Discussion:

Law: For exportation of personal effects by residents leaving the country, no document is required by the Customs. As regards the means of transport for private use of residents, the requirements of this Standard are catered to by provisions of rule 584 of the Customs Rules, 2001, (SRO 450(I)/2001, dated 18.06.2001). The said rule is reproduced below for convenience of reference:

Procedure for temporary exportation: The procedure applicable to the exportation of goods shall apply, mutatis mutandis, to the temporary exportation of goods under an ATA Carnet. Additionally, the appropriate officer will date, stamp and sign the yellow exportation counterfoil and voucher. While the yellow exportation counterfoil will be retained within the ATA Carnet, the yellow exportation voucher will be detached by the appropriate officer:

Provided that the exporter shall not be entitled to any duty drawback on goods temporarily exported from Pakistan under an ATA Carnet and intended for re-importation afterwards.

The requirements of this Standard are adequately satisfied.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The law and practice are in compliance with this Standard.

Recommendation: None

37. Recommended Practice	If security has been given in the form of a cash deposit, provision should be made for it to be repaid at the office of re-exportation, even if the goods were not imported through that office.
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Overall Assessment: Not Applicable

Relevant Law: [None]

Discussion:

Introductory note: This recommended practice is identical to that of Recommended Practice 21 in Annex G.

Law: There are no provisions in Pakistan Customs Regime dealing with the receipt, handling or repayment of cash security; therefore cash is not taken as security.

Practice: Cash security is not used.

Resource Persons:

- Mr. Muhammad Ibrahim Vighio, Collector of Customs, MCC, Quetta.
- Mr. Zulfiqar Ahmad Kazmi, Collector of Customs, MCC, Peshawar.
- Mr. Javed Iqbal Butt, Former Deputy Collector of Customs (Law), MCC (Appraisalment), Karachi.
- Mr. Saleem Ghani, Manager ATA Carnet, International Chamber of Commerce, V.M. House, West Wharf Road, Karachi, 74000.
- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: At this time the recommended practice is not applicable in Pakistan.

Recommendations: If at some point provision is made for the use cash security, it will be necessary to ensure that it is possible to obtain the repayment of that security at the office of exportation, even if the goods were not entered at that office.

38. Standard	Transit passengers who do not leave the transit area shall not be required to pass through any Customs control. However, the Customs shall be allowed to maintain general surveillance of transit areas and to take any action necessary when a Customs offence is suspected.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act

Discussion:

Law: There is no provision in the Customs Act catering for such a situation however as a matter of established practice, the transit passengers, who do not leave the transit-area, are not required to pass through any Customs control. Nevertheless, the Customs generally keep surveillance over transit area. Customs also take action when a Customs offence is suspected. Generally speaking transit passengers are not considered to have entered the Customs territory. Therefore, the only provision required is to have administrative instructions, not to allow such passengers in the Customs territory. Such passengers obviously do not pass through immigration. Therefore, they cannot legally enter the Customs territory. This standard is simply an administrative guideline and does not require any law or rule under the Act.

The provisions of the Standard thus stand satisfied because of the established practice.

Practice: The practice is as per the standard.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The practice is in compliance with this Standard.

Recommendation: None

39. Recommended Practice	Information concerning the Customs facilities applicable to travelers should be made available in the official language or languages of the country concerned and in any other language deemed to be useful.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act

Discussion:

Law: Information concerning customs facilities applicable to travelers is available at all the sea ports, airports and land Customs stations in English and in Urdu, the official languages of Pakistan, in hard as well as in soft form. The printed matter is also carried on board the planes and ships and is distributed free of cost to the airlines, travel agents, freight forwarders, Customs agents, Pakistan missions abroad and the foreign missions in Pakistan. However no attempt appears to have been made to translate our baggage rules in other major languages e.g. French, German, Arabic, Chinese, Spanish and Russian. This needs to be done now with increase in air travel by foreigners to Pakistan for business and pleasure. This information is also available on the website of FBR/Customs. However this fact is not well known and the website itself is not very user friendly.

The existing information dissemination system is also substantially compliant to Transitional Standard 9.3 of the General Annex.

Practice: The practice is substantially compliant to the standard.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Nasir Chandna, Customs Clearing Agent (CHAL No 601), Customs House Karachi

Conclusion: The practice is in substantial compliance with this Standard.

Recommendations: No attempt appears to have been made to translate our baggage rules in other major languages e.g. French, German, Arabic, Chinese, Spanish and Russian. This needs to be done now with increase in air travel by foreigners to Pakistan for business and pleasure.

Chapter 2 Postal Traffic

Definitions

Five defined terms are provided at the beginning of Chapter 2 of Specific Annex J, and are to be used to properly understand the meaning of the standards and recommended practices contained in that chapter. As explained in the general discussion of the use of definitions, which is provided in the analysis of Chapter 2 of the General Annex, there is no explicit requirement in the RKC requiring a Contracting Party to adopt into its national legislation the terms and assigned meanings specified in the RKC. However, we note that in some cases it may be difficult for Pakistan to comply with its obligations under the RKC if certain of the customs-specific terms defined in the RKC are not used in Pakistan's customs legislation, or - if such a term is used – it is assigned a meaning that differs materially from that specified in the RKC, which reflects the generally accepted meaning of the term in international practice.

The five defined terms and associated meanings provided in Chapter 2 of Specific Annex J are:

- “CN22/23” means the special declaration forms for postal items as described in the Acts of the Universal Postal Union currently in force;
- “Customs formalities in respect of postal items” means all the operations to be carried out by the interested party and the Customs in respect of postal traffic;
- “postal items” means letter-post and parcels, as described in the Acts of the Universal Postal Union currently in force, when carried by or for postal services;
- “postal service” means a public or private body authorized by the government to provide the international services governed by the Acts of the Universal Postal Union currently in force;
- “the Universal Postal Union” means the inter-governmental organization founded in 1874 by the Treaty of Bern as the “General Postal Union” which, in 1878, was renamed the “Universal Postal Union (UPU)” and which since 1948 has been a specialized agency of the United Nations.

1. Standard	The Customs formalities in respect of postal items shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.
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Overall Assessment: Not Applicable

Relevant Law:

- [None]

Discussion:

Standard 1 does not establish a requirement that a national customs regime must comply with. It only provides that clearance for home use is to be governed by Chapter 2 of Annex J and the applicable provisions of the General Annex.

Conclusion: Any compliance issues with respect to Standard 1 will be identified in the individual compliance assessments for the standards and recommended practices of Chapter 2.

Recommendations: Recommendations are provided in the context of the individual assessments for Chapter 2 whenever compliance with Standard 1 is implicated.

2. Standard	National legislation shall specify the respective responsibilities and obligations of the Customs and of the postal service in connection with the Customs treatment of postal items.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Sections 144 and 145
- The Customs Rules; Chapter XVI

Discussion:

Law: The respective responsibilities of Customs and of the postal service in connection with the Customs treatment of postal items are spelled out in sections 144 and 145 of the Customs Act and rules 364 to 376 of chapter XVI of the Customs Rules.

Under section 144 of the Act, instead of filing of separate Goods declaration (GD) for each outgoing or incoming postal parcel, the label or declaration given on the parcel which contains description, HS code, quantity and value is treated as a GD. Section 145 of the Act provides that the rate of duty applicable shall be the rate in force on the day when the postal authorities present the label referred to in section 144 *to Customs authorities*.

The said sections are reproduced below:

Label or declaration in respect of goods imported or exported by post to be treated as entry: In the case of goods imported or exported by post, any label or declaration which contains the description, quantity and value thereof shall be deemed to be an entry for import or export, as the case may be, for the purposes of this Act.

Rate of duty in respect of goods imported or exported by post:

- 1) The rate of duty, if any, applicable to any goods imported by post shall be the rate in force on the date on which the postal authorities present to the appropriate officer the declaration or label referred to in section 144 for the purpose of assessing the duty thereon.
- 2) The rate of duty, if any, applicable to any goods exported by post shall be the rate in force on the date on which the exporter delivers such goods to the postal authorities for exportation.

The detailed procedure for receipt of postal mail and parcels and the Customs clearance thereof is provided in rules 364 to 376 of Chapter XVI of the Customs Rules, 2001. Under the said rules, the Postal authorities function as custodians of postal mail and parcels and Customs conduct examination of parcels on random selection basis. They also assess contents of parcels to duties and taxes.

The provisions of this Standard are thus satisfied by the law.

Practice: The practice is as per law.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot.

Conclusion: The law and practice are in compliance with RKC.

Recommendations: None

3. Standard The clearance of postal items shall be carried out as rapidly as possible.

Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Sections 144 and 145.
- The Customs Rules; Rules 366, 367 and 368 of Chapter XVI.

Discussion:

Law: The provisions of the rules 366, 367 and 368 of the Customs Rules clearly stipulate that the postal mail and parcels shall be cleared by Customs as soon as possible. The said rule is reproduced below for facility of reference:

368. As soon as the detained parcels are ready for examination, they shall be submitted together with the parcel bills or declarations to the officer of customs who, after examining them and filling in details of contents of value in the parcel bills or declarations, shall note the rate and amount of duty and sales tax against each item. The remark – Examined shall be entered by the officer of customs against the entry in the parcel bill or declaration relating to each parcel examined by him. The parcel bill shall then be audited and the original and duplicate copies shall be returned to the Postmaster and, the third copy shall be retained in the Customs Department.

The perusal of the quoted rule makes it clear that postal parcels are cleared by Customs as soon as possible.

Practice: The practice is as per law.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot.

Conclusion: The law and practice are in compliance with RKC.

Recommendations: None

4. Standard	The exportation of goods in postal items shall be allowed regardless of whether they are in free circulation or are under a Customs procedure.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Sections 15 and 16
- The Customs Rules

Discussion:

Law: Exportation of goods in postal parcels is allowed regardless of whether they are in free circulation or are under a Customs procedure. There is no restriction on export of goods whether these are in free circulation or in a customs procedure.

Section 144 of the Act is relevant which provides that instead of filing of separate Goods declaration (GD) for each outgoing or incoming postal parcel, the label or declaration given on the parcel which contains description, HS code, quantity and value is to be treated as a GD.

The perusal of the above quoted law makes it clear that it caters for the provisions of RKC.

Practice: The practice is as per Law.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot

Conclusion: The law and practice are in compliance.

Recommendations: None

5. Standard	The importation of goods in postal items shall be allowed irrespective of whether they are intended to be cleared for home use or for another Customs procedure.
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Overall Assessment: Compliant

Relevant Law: The Customs Act; Sections 144 and 145.

Discussion:

Law: Under section 144 of the Act, instead of filing of a Goods declaration (GD) for each incoming postal parcel, the label or declaration given on the parcel which contains description, HS Code, quantity and value is treated as a GD. Section 145 of the Act further provides that the rate of duty applicable shall be the rate in force on the day when the postal authorities present the label referred to in section 144 *ibid*. Under the Act, the Imports and Exports Control Act or the rules made there under, there is no bar for placing such goods under another Customs procedure.

The provisions of this Standard are satisfied by the law.

Practice: The practice is as per Law.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot.

Conclusion: The law and practice are in compliance with RKC.

Recommendations: None

6. Standard	The Customs shall designate to the postal service the postal items which shall be produced to them for the purposes of Customs control and the methods of production of these items.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.
- The Customs Rules; Rules 366 to 368.

Discussion:

Law: Rule 367 of the Customs Rules satisfies the requirements of this Standard. The said rule provides that on receipt of a parcel from abroad, the Postmaster, under rule 366 of the said Rules, shall forward to the Customs the documentary details of all such parcels. The appropriate officer of Customs, in accordance with rules 367 and 368, scrutinizes the particulars given therein and randomly selects some parcels to be presented to Customs for examination and assessment of the leviable duties and taxes.

The provisions of this Standard are met by the law.

Practice: The practice is as per law and parcels are randomly selected for examination and assessment.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot.

Conclusion: The law and practice are in compliance with RKC.

Recommendations: None

7. Standard	<p>The Customs shall not require postal items to be produced to them at exportation for the purposes of Customs control, unless they contain</p> <ul style="list-style-type: none"> • goods the exportation of which must be certified; • goods which are subject to export prohibitions or restrictions or to export duties and taxes; • goods having a value exceeding an amount specified in national legislation; • goods which are selected for Customs control on a selective or random basis.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Sections 144 and 145
- The Customs Rules.

Discussion:

Law: Under the Customs law there is no provision to examine each and every parcel meant for export through post except:

- Where under the law a certificate is necessary for export such as in case of surgical instruments (Certificate is required from 'Materials Testing Laboratory).
- Where the export of the goods are either prohibited under section 15 of the Customs Act, or restricted under section 16 thereof or under any other law for the time being in force.
- Where the exports are being made under claim for duty draw back.
- The goods declared have been banned for export for any reason.
- In case the value of gift parcels exceeds US Dollars 5000/- or equivalent in Pakistani Rupees as determined by Paragraph 4 (e) of the Export Policy Order, 2013 (SRO 192(I)/2013 dated 08-03-2013).
- In view of the above, the law is in compliance with the requirements of the Standard.

Practice: The practice is as per law.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot.

Conclusion: The law and practice are in compliance with RKC.

Recommendations: None

8. Recommended Practice	<p>The Customs should not, as a general rule, require the following categories of imported postal items to be produced to them :</p> <ul style="list-style-type: none"> a) Postcards and letters containing personal messages only; b) Literature for the blind; c) Printed papers not subject to import duties and taxes.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.

Discussion:

The requirements of this Standard are satisfied in that

- a) Post cards and letters are not required to be produced to Customs for examination in the ordinary course.
- b) Literature for the blind is exempted from duties and taxes under PCT heading 9937.
- c) Printed papers not subject import duty are not required to be produced for examination in routine.

When there is a strong suspicion that a postal parcel might be containing contraband goods the same may be required to be produced for examination.

Practice: The practice is as per law.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot.

Conclusion: The law and practice are in compliance with RKC.

Recommendations: None

9. Standard	<p>When all the information required by the Customs is available from the CN22 or CN23 and supporting documents, the form CN22 or CN23 shall be the Goods declaration, except in the case of :</p> <ul style="list-style-type: none"> i. Goods having a value exceeding an amount specified in national legislation; ii. Goods which are subject to prohibitions or restrictions or to export duties and taxes; iii. Goods the exportation of which must be certified; iv. Imported goods intended to be placed under a Customs procedure other than clearance for home use. <p>In these cases, a separate Goods declaration shall be required.</p>
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 144

Discussion:

Law: In the cases of parcels other than those specified in the Standard, since information in form CN 22 or CN 23 is available, the same do not require the filing of separate Goods declaration. In the four categories of cases specified in the standard also, the Customs do not require filing of separate Goods declaration. This is as per section 144 of the Act.

Practice: The practice is as per law.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot.

Conclusion: The law and practice are in compliance with RKC.

Recommendations: None

10. Standard	Postal items shall not be subject to Customs formalities whilst they are being conveyed in transit.
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Overall Assessment: Non-Compliant

Relevant Law:

- The Customs Act.

Discussion:

Law: The basic Customs law is provided in chapter XIII of the Customs Act (the Act). Section 126 of chapter XIII specifies as under:

Chapter not to apply to baggage and postal articles:

The provisions of this chapter shall not apply to baggage and goods imported by post, for which separate provisions have been made in chapter XV.

There is no provision in Chapter XV of the Act regarding postal items in international transit.

Practice: The practice is as per law.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot.

Conclusion: The law and practice are not in compliance with RKC.

Recommendations: The provisions of chapter XV of the Act dealing with Postal items and chapter XVI of the Customs rules 2001 should be made applicable to postal items in transit.

11. Standard	The Customs shall make the simplest possible arrangements for the collection of duties and taxes on the goods contained in postal items.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.

Discussion:

Law: Duties or taxes are assessed by Customs on CN22/23 and these documents are treated as GD for Customs purposes. The duties and taxes are then collected by Postal authorities from consignees when the postal authorities deliver the parcels to addressees. The Postal authorities then pay the same through deposit in the National Bank of Pakistan in the account of Customs. This is a very simple method as the consignees do not have to go to Customs or pay duties and taxes in the National Bank of Pakistan.

Practice: The practice is as per law.

Resource Persons:

- Mr. Haq Nawaz, Additional Post Master General, Peshawar.
- Mr. Ashiq Hussain, Inspector I/c Customs Foreign Post, Model Collectorate of Customs, Sialkot.

Conclusion: The law and practice are in compliance with RKC.

Recommendations: None

Chapter 3: Means of Transport for Commercial Use

Definitions

Three defined terms are provided at the beginning of Chapter 3 of Specific Annex J, and are to be used to properly understand the meaning of the standards and recommended practices contained in that chapter. As explained in the general discussion of the use of definitions, which is provided in the analysis of Chapter 2 of the General Annex, there is no explicit requirement in the RKC requiring a Contracting Party to adopt into its national legislation the terms and assigned meanings specified in the RKC. However, we note that in some cases it may be difficult for Pakistan to comply with its obligations under the RKC if certain of the customs-specific terms defined in the RKC are not used in Pakistan's customs legislation, or - if such a term is used - it is assigned a meaning that differs materially from that specified in the RKC, which reflects the generally accepted meaning of the term in international practice.

The three defined terms and associated meanings provided in Chapter 3 of Specific Annex J are:

- “Customs formalities applicable to means of transport for commercial use” means all the operations to be carried out by the person concerned and by the Customs in respect of means of transport for commercial use arriving in or departing from the Customs territory and during their stay therein;
- “declaration of arrival” or “declaration of departure”, as the case may be, means any declaration required to be made or produced to the Customs upon the arrival or departure of means of transport for commercial use, by the person responsible for the means of transport for commercial use, and containing the necessary particulars relating to the means of transport for commercial use and to the journey, cargo, stores, crew or passengers;
- “means of transport for commercial use” means any vessel (including lighters and barges, whether or not ship-borne, and hydrofoils), hovercraft, aircraft, road vehicle (including trailers, semi-trailers and combinations of vehicles) or railway rolling stock, which is used in international traffic for the transport of persons for remuneration or for the industrial or commercial transport of goods, whether or not for remuneration, together with their normal spare parts, accessories and equipment, as well as lubricants and fuel contained in their normal tanks, when carried with the means of transport for commercial use.

1. Standard	Customs formalities applicable to means of transport for commercial use shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.
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Overall Assessment: Not Applicable

Relevant Law:

- [None]

Discussion:

Standard 1 does not establish a requirement that a national customs regime must comply with. It only provides that clearance for home use is to be governed by Chapter 3 of Annex J and the applicable provisions of the General Annex.

Conclusion: Any compliance issues with respect to Standard 1 will be identified in the individual compliance assessments for the standards and recommended practices of Chapter 3.

Recommendations: Recommendations are provided in the context of the individual assessments for Chapter 3 whenever compliance with Standard 1 is implicated.

2. Recommended Practice	Customs formalities applicable to means of transport for commercial use should apply equally, regardless of the country of registration or ownership of the means of transport for commercial use, of the country from which they arrived or their country of destination.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 42.
- The Customs Rules

Discussion:

Law: In the application of Customs controls over the means of transport for commercial use, the Customs Act and the Customs Rules do not discriminate on the basis of country of registration, ownership of means of transport for commercial use, the country from which those arrive or the country of destination thereof. All means of transport for commercial use are governed by the provisions of the Act and the rules equally, in the same manner. In the case of transport for commercial use entering or leaving for India and Afghanistan, Pakistan has special bilateral arrangements at the land borders, for security reasons. The Customs formalities in these two cases are based on bilateral agreements. This however does not apply to ships and other water borne conveyances coming from India or any other country. This is apparent from the provisions of section 42 of the Act which is the main provision applicable as a measure of Customs control on means of transport for commercial use for all vessels.

The relevant part of Section 42 is reproduced below for ease of reference:

Arrival of conveyance: Provided further that the person in charge of a conveyance, that is *en route* to Pakistan from a point outside Pakistan shall, unless otherwise approved by the Collector:

- 1) Give to the Customs, in such form and manner (for example, in an electronic form and manner) as may be approved in writing by the Collector (either generally or for a particular case or class of cases), such advance notice as may be prescribed for any or all of the following matters, namely:
 - The impending arrival of the conveyance;
 - Its voyage;
 - Its crew;
 - Its passengers;
 - Its cargo for discharge within Pakistan whether commercial or non-commercial;
 - Its commercial cargo not intended for discharge within Pakistan, if any;
 - The Customs station at which the conveyance will arrive

Practice: The practice follows the law and the rules.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are in compliance with the provisions of this 'Recommended Practice'.

Recommendation: The Customs administration may take up this issue with GOP for allowing the movement of trucks and containers carrying commercial cargo freely between Pakistan and Afghanistan and Pakistan and India.

3. Recommended Practice	Means of transport for commercial use, whether loaded or not, should be allowed to be brought temporarily into a Customs territory conditionally relieved from payment of import duties and taxes, provided that such means of transport for commercial use are not used for internal transport in the Customs territory of the country of temporary admission. They must be intended for re-exportation without having undergone any change except normal depreciation due to their use, normal consumption of lubricants and fuel and necessary repairs.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.

Discussion:

Law: The following means of transport for commercial use enter and leave the country freely:

- Ships, vessels entering (and departing from) Customs ports of Karachi, Mohammad Bin Qasim, Gwadar, Pasni or any other notified Customs Port;
- Aircrafts, carrying passengers/cargo landing at or taking off from any notified Customs airport (Quaid-e-Azam International Airport, Karachi, Allama Iqbal International Airport, Lahore, Benazir International Airport, Rawalpindi, Quetta International Airport or any other notified international airport);
- Indian passenger cum cargo train called Samjhuta Express plying up to Lahore via Wagah; and
- Commercial Trucks, trailers plying via Khunrab Pass between Tashghur Qand (China) and Sost, Trucks and Tanker Trucks (Liquid Cargo Carriers) via Torkham and Chaman between Afghanistan and Pakistan and trucks/tankers plying between Iran and Pakistan via Mir Java-Taftan.

All these categories of means of transport are allowed to enter under temporary admission without requirement of paying duties and taxes on the conditions that the said means of transport are not used for internal transportation of cargo. Furthermore, the said means of transport for commercial use are intended for re-exportation without having undergone any change except normal depreciation due to their use and with normal consumption of fuel and lubricants and necessary repairs.

There are however special arrangements between Pakistan and Afghanistan and Pakistan and India where in Afghan and Indian trucks are not allowed to enter Pakistan freely for commercial purposes. Afghan and Indian trucks are allowed into Pakistan under special bilateral arrangements and agreements.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are in compliance with the 'Recommended Practice'.

Recommendations: The Customs administration may take up this issue with GOP for allowing the movement of trucks and containers carrying commercial cargo freely between Pakistan and Afghanistan and Pakistan and India.

4. Standard	The Customs shall require security or a temporary admission document for means of transport for commercial use duly registered abroad only when they consider it essential for the purposes of Customs control.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.
- The Customs Rules; Rules 608, and 619.

Discussion:

Law: The Customs law generally does not require any security or temporary admission document for commercial transport. However under a bilateral agreement with Afghanistan a Temporary Admission Document (TAD) is required. In addition the trucks require either a bank guarantee for 10 percent of the duties and taxes or a letter of guarantee from the Afghan Ministry of Transport.

In the case of Indian trucks, the commercial transport is not allowed to enter Pakistan freely. It is allowed to enter only the Wagha Customs port only. This is also done under a bilateral arrangement.

The said rules are reproduced below:

Temporary admission of vehicles:

- Vehicles of Afghanistan for the transport of transit goods shall enter Pakistan without payment of import duties and other taxes subject to provisions of this subchapter.
- The road transit temporary admission document on the prescribed format shall be issued, at the entry point, by the Assistant or Deputy Collector in whose territorial jurisdiction the vehicle of Afghanistan enters.
- TAD shall be granted only to transport operators and for vehicles that have been officially inspected and found to be in good working condition during the year preceding the issue of the TAD, and for which a Certificate of Conformity, or corresponding document, has been issued by the competent certifying body in the country where the vehicle is registered.

Furnishing of Financial Guarantee:

- In case of transport units registered in Afghanistan, carrying transit goods, the transport operator or his authorized Customs clearing agents, or the concerned chamber of commerce or the concerned Government department shall lodge a bank guarantee (Appendix-III) or revolving bank guarantee from a scheduled bank, acceptable to Customs equivalent to twenty [ten] per cent of the amount of duty and taxes leviable thereon, which shall be valid for at least one year and shall be encashable in Pakistan:

These provisions are in compliance with the bilateral "Afghanistan Pakistan Transit Trade Agreement" of 2010. In pursuance to the said bilateral Agreement between the two sovereign states, its provisions requiring temporary admission document and furnishing of bank guarantee The law and practice are in that regard to be deemed as compliant with RKC.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: The Customs administration may take up this issue with GOP for allowing the movement of trucks and containers carrying commercial cargo freely between Pakistan and Afghanistan and Pakistan and India without any TAD or guarantee.

5. Standard	Where the Customs fix a time limit for the re-exportation of means of transport for commercial use, they shall take into account all the circumstances of the transport operations intended.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.

Discussion:

Law: For vessels, railway rolling-stock and aircrafts, limitation of time is of no relevance as these means of transport leave the country soon after the disembarkation embarkation of passengers and the unloading or loading of cargo. In case of trucks used for carriage of goods from China via Khunjab pass to Sust Customs station, such trucks usually leave for China after unloading of cargo. In case of trucks and trailers, being used for carriage of Afghan transit goods, both for imports and exports through Karachi port as well as exports to India via Wagha, the time limit has been provided in rule 609 of the Customs Rules, 2001, which is 15 days for carriage of transit goods imported/to be exported by sea and thirty days in case of goods to be exported to India as transit cargo of Afghanistan.

Time limits as reflected hereinabove were determined and fixed after consulting the stake holders and after taking into account all the circumstances of the transport operations intended. These requirements are based on bilateral agreements e.g. APTTA 2010.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are in compliance with the provisions of this Standard.

Recommendations: None

6. Recommended Practice	At the request of the person concerned, and for reasons deemed valid by the Customs, the latter should extend any period initially fixed.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.
- The Customs Rules; Rule 611.

Discussion:

Law: The period for temporary admission in case of ships and aircraft is not prescribed in the Customs Act, or by the Customs Rules, 2001. In case of Samjhota Express (Indian origin) which enters Pakistan every alternate day, returns to India the same day as per mutually agreed terms. The trucks of Chinese origin entering via Khunjrab Pass for carriage of goods from China to Pakistan, also have to go back as soon as the cargo is discharged at Sust Customs station. In case of Afghan transit trade, however, the trucks might need more time as the goods are to be loaded from Karachi or the trucks which ply to Wahga border near Lahore, for unloading of cargo. Hence the requirement for extension in prescribed time, if the vehicle cannot return within fifteen days or as the case may be, thirty days (rule 609(3))

The said prescribed time is extendable by fifteen days by the Additional Collector of Customs of jurisdiction under rule 611 of the Customs Rules.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are in compliance with the 'Recommended Practice'.

Recommendations: None

7. Recommended Practice	Special equipment for the loading, unloading, handling and protection of cargo, whether or not it is capable of being used separately from the means of transport for commercial use, which is imported with the means of transport for commercial use and is intended to be re-exported therewith, should be allowed to be brought temporarily into a Customs territory conditionally relieved from payment of import duties and taxes.
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Overall Assessment: Substantially Compliant

Relevant Law:

- The Customs Act
- The Customs Rules

Discussion:

Law: There are no provision in the Customs Act (the Act) or the rules made there under to allow temporary admission to special equipment for the loading, unloading, handling and protection of cargo, imported with the means of transport for commercial use and intended to be re-exported therewith and to conditionally relieve it from payment of import duties and taxes.

It is worth appreciating that the special equipment of such kind constitutes an integral part of the means of transport especially vessels engaged in the commercial operations of carriage of goods by sea. Such vessels/ships occasionally carry cranes and special equipment for the discharge of bulk cargo. These are allowed freely in Pakistan as such equipment facilitates the quick discharge of cargo. In many cases the terminal operators or KPT etc. do not have such specialized equipment. In view thereof it is desirable to make a provision in the Act enabling FBR/Customs to allow temporary admission of special equipment as visualized by the Standard, without payment of leviable duties and taxes. This legal provision will simply authenticate and regularize an established practice.

Practice: The practice is not as per law but it is in compliance with the Recommended Practice.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law is not in compliance with the Recommended Practice. However the practice is in compliance with the Recommended Practice.

Recommendations: A specific provision may be added in the Customs Act, enabling FBR/Customs to allow temporary admission of special equipment as visualized by the Recommended Practice, without payment of leviable duties and taxes.

8. Recommended Practice	Parts and equipment which are to be used, in the course of repair or maintenance, as replacements for parts and equipment incorporated in or used on a means of transport for commercial use already temporarily imported in a Customs territory, should be allowed to be brought temporarily into that territory conditionally relieved from payment of import duties and taxes.
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Overall Assessment: Non-Compliant

Relevant Law:

- The Customs Act.
- The Customs Rules; Rule 612.

Discussion:

Law: There is no provision either in the Customs Act or the rules made there under to allow parts and equipment which are to be used, in the course of repair or maintenance, as replacements for parts and equipment incorporated in or used on a means of transport for commercial use already temporarily imported in the country, to be brought temporarily and conditionally relieved from payment of import duties and taxes.

It also allows 'accessories', tool kits and other articles, forming normal equipment of the vehicle and lubricants, maintenance supplies and spare parts in reasonable quantities for the repair of the vehicle to be imported without payment of leviable duties and taxes. The said Rule 612 is reproduced below:

- Fuel, accessories, toolkit etc.:
 - 1) The articles and tool-kit which form the normal equipment of vehicles need not to be declared specifically.
 - 2) The accessories, toolkit, and other articles that form the normal equipment of the vehicle and the lubricants, maintenance supplies, and spare parts in reasonable quantities for the repair of the vehicle, shall be exempted from import duties and taxes.
 - 3) The Contracting Parties shall grant temporary admission for maintenance and recovery of vehicles.

In the like manner, the, spares and tool kit etc. are allowed temporary admission without levy of import duties and taxes in the case of ships, trains and even trucks.

Practice: There is no provision for this in the law but the practice is as per Recommended Practice

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: There is no provision for this in the law but the practice is as per Recommended Practice.

Recommendations: On the lines of 'Afghan Transit Trade Agreement, 2010', a specific provision may be added in the Act, and the rules enabling FBR/Customs to allow facility of temporary admission to all categories of means of transport for commercial use as are temporarily admitted and in the like manner to allow the temporary admission of parts and equipment as replacement when the already admitted parts and equipment have been used.

9. Standard	When a declaration of arrival is required to be lodged with the Customs on arrival of means of transport for commercial use, the particulars required to be given thereon shall be limited to the minimum necessary to ensure compliance with Customs law.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Sections 42, 43 and 44.
- The Customs Rules; Rule 400.

Discussion:

Law: Where a vessel is scheduled to call at a seaport and before its departure, under section 42 of the Customs Act, it is required to file a 'Vessel intimation report (VIR)' with Customs. Further under section 43 of the Act, a 'cargo declaration (Manifest)' is also filed in respect of goods carried, meant for unloading at the port, consisting of ship- stores, belongings of crew and cargo to be carried to other ports outside Pakistan. These reports are filed electronically in advance of ship's arrival.

The said three sections are reproduced below:

- Arrival of conveyance:
 - a) Provided further that the person in charge of a conveyance, that is *en route* to Pakistan from a point outside Pakistan shall, unless otherwise approved by the Collector.
 - b) Give to the Customs, in such form and manner (for example, in an electronic form and manner) as may be approved in writing by the Collector (either generally or for a particular case or class of cases), such advance notice as may be prescribed for any or all of the following matters, namely:
 - i. the impending arrival of the conveyance;
 - ii. its voyage;
 - iii. its crew;
 - iv. its passengers;
 - v. its cargo for discharge within Pakistan whether commercial or non-commercial;
 - vi. its commercial cargo not intended for discharge within Pakistan, if any;
 - vii. the Customs station at which the conveyance will arrive
- Delivery of import manifest in respect of a vessel:
 - i. The Board may, by notification in the official Gazette, fix a place beyond which no vessel arriving shall pass until an import manifest has been delivered to Customs or other person duly authorized to receive in such form, manner and time as the Board may prescribe.
 - ii. On receipt of such import manifest the vessel may proceed to come beyond the fixed place. No pilot shall bring a vessel into customs-port without having been so authorized by Customs.
 - iii. If any vessel arrives at any customs-port in which a place has not been so fixed, master of such vessel shall, within twenty-four hours after arrival of such vessel, deliver an import manifest to Customs in such form and manner as the Board may prescribe.
 - iv. Notwithstanding anything contained in sub-section (3), an import manifest may be delivered in anticipation of the arrival of a vessel.
- Delivery of import manifest in respect of a conveyance other than a vessel: The person-in-charge of a conveyance other than a vessel shall before arrival or, within twenty-four hours after arrival thereof at a land customs-station or customs-airport, as the case may be, deliver or file electronically an import manifest to the appropriate officer.

The above provisions clearly establish that Customs requires the supply of bare minimum information in relation to carriage of goods and passengers on arrival of means of transport for commercial use.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law is in compliance with the Standard.

Recommendations: None

10. Standard	The Customs shall reduce, as far as possible, the number of copies of the declaration of arrival required to be submitted to them.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Sections 42, 43 and 44.
- The Customs; Rule 400.

Discussion:

Law: The requisite information under sections 42, 43, 44 of the Customs Act, and rule 400 of the Customs Rules, 2001, is furnished electronically to Customs by ships and aircrafts. Consequently submission of multiple copies is not required.

In case of trucks, trailers and railway rolling-stock, the information is supplied to Customs in hard copies. The Customs, however, take care that minimum copies are submitted. The new WeBOC system has been rolled out to the border stations and the system of filing manifests electronically is now being made operational.

The requirements of the Standard are, therefore, adequately met.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

11. Standard	No documents to be produced to or lodged with the Customs in connection with the arrival of means of transport for commercial use shall be required to be legalized, verified, authenticated or previously dealt with by any representatives abroad of the country into which means of transport for commercial use arrive.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 42 and 43.
- The Customs Rules; Rule 400.

Discussion:

Law: This Standard has a nexus with the Standard 9 and 10, already discussed. The 'vessel intimation reports' (VIRs) in respect of means of transport for commercial use are required under section 42 and 43 of the Customs Act, and rule 400 of the Customs Rules, 2001. Under the law, these reports do not require authentication by legal attestation, verification etc.

The reports filed in relation to arrival of railway rolling-stock, buses, trucks and trailers are also not required to be legalized, authenticated or previously dealt with.

The provisions of this Standard are complied with.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

12. Standard	Where means of transport for commercial use call at subsequent places in the Customs territory without intermediate calls in another country, the applicable Customs formalities shall be kept as simple as possible and shall take into account any Customs control measures already taken.
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Overall Assessment: Partially Compliant

Relevant Law:

- The Customs Act; Sections 42 to 78.
- The Customs Rules

Discussion:

Law: This situation does not exist in Pakistan. All the ships and air craft etc. that call at one port, do not call on another port in Pakistan and leave for another Customs territory. The provisions of the Customs Act, as contained in sections 42 to 78, dealing with 'arrival and departure of conveyance', 'general provisions affecting conveyances at Customs stations' and 'discharge of cargo', therefore do not need to provide that when the means of transport for commercial use calls at a second port, airport or Customs station without having called at a foreign port, airport or Customs station, after departing from the first port, airport or Customs station of call, the applicable Customs formalities are to be applied at the minimum.

Practice: This situation does not exist in Pakistan therefore there is no such practice.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: This situation does not exist in Pakistan therefore there is no such practice and the law does not make any provision for this.

Recommendations: To cater for such a situation arising in future, the Act may be modified to provide that where means of transport for commercial use call at subsequent places in Pakistan without intermediate calls in another country, the applicable Customs formalities are to be kept as simple as possible and relevant Customs office shall take into account any Customs control measures already taken.

13. Standard	<p>Customs formalities applicable upon the departure of means of transport for commercial use from the Customs territory shall be limited to measures to ensure that:</p> <ul style="list-style-type: none"> • Where required, a declaration of departure is duly lodged with the competent Customs office; • Where appropriate, Customs seals are affixed; • Where required for control purposes, specified Customs routes are followed; and • No unauthorized delay occurs in the departure of means of transport for commercial use.
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Overall Assessment: Compliant

Relevant law:

- The Customs Act; Sections 53, 63.
- The Customs Rules; Rules 609, 630 and 631.
- The Customs Export Transit Rules, 1974, SRO 185(I)/1974 dated 14-02-1974.

Discussion:

<p>The Customs Act, and the Customs Rules, 2001, adequately meet the requirements of this Standard as the Para-wise discussion below bears out: Requirements of the Standard</p>	<p>Provisions of Law and discussion</p>
<p>a) Where required, a declaration of departure is duly lodged with the competent Customs office;</p>	<p>Under section 53 of the Customs Act, an application for Port clearance of a vessel is filed along with an Export Manifest, whereas under section 54 an application for clearance before departure, of a conveyance other than vessel is filed.</p>
<p>b) Where appropriate, Customs seals are affixed;</p>	<p>Section 63 of the Customs Act, provides for sealing and reads as under: Sealing of conveyance: Conveyances carrying transit goods for destinations outside Pakistan or goods from some foreign territory to a customs-station or from a customs-station to some foreign territory may be sealed in such cases and in such manner as may be provided in the rules."</p>
<p>c) Where required for control purposes, specified Customs routes are followed; and</p>	<p>Specified Customs routes in case of transit cargo of Afghanistan (both imports and exports through Pakistan), the routes stands specified under the Afghan Pakistan Transit Trade Agreement, 2010, as follows:</p> <ol style="list-style-type: none"> i. Goods in transit to India <ul style="list-style-type: none"> • Via Torkham: Torkham Peshawar, Lahore, Wahga, • Via Chaman: Chaman, Quetta, Sibbi, Sakhar, Multan, Lahore, Wagha ii. Goods in transit from and to Afghansitan <ul style="list-style-type: none"> • Via Torkham: Torkham, Peshawar, Lahore, Multan, Sukhar, Karachi. • Via Chaman: Chamman, Quetta, Karachi. <p><i>(Appendix I under title 'Routes' to rule 609 of the Customs Rules, 2001).</i></p> <p>Rules 630 of the Customs Rules, 2001, requires the temporary admitted commercial transport for movement of transit cargo to adopt one of the designated routes whereas rule 631 specifies locations on the way to their respective destinations on the designated routes.</p> <p>Specified routes for movement of transit cargo.- The transport operator shall adopt one of the designated routes notified by the Ministry of Communications for transportation of transit goods from office of departure to office en-route.</p> <p>Monitoring of transit cargo from Karachi or Port Qasim to up country: All vehicles carrying transit cargo are required to get registered at the following locations on the way to their respective destinations, namely:</p> <ol style="list-style-type: none"> a) Route-I (Transit via Torkham) <ul style="list-style-type: none"> • Omitted;

	<ul style="list-style-type: none"> • Khairabad Customs check post (between Attock and Peshawar); and • Kohat Customs check post. <p>b) Route-II (Transit via Chaman)</p> <ul style="list-style-type: none"> • omitted; and • Baleli Customs check post (between Quetta and Qila Abdullah)."
d) No unauthorized delay occurs in the departure of means of transport for commercial use	<p>Rule 609 of the Customs Rules, 2001, prescribes the maximum time for the means of transport to exit from Pakistan. Whereas rule 611 ibid provides for extension in the prescribed time before the expiry of which the vehicle must exit.</p> <p>The said rules are reproduced below:</p> <ul style="list-style-type: none"> • Temporary Admission Document. <ol style="list-style-type: none"> 1) Motor vehicles registered in Afghanistan and temporarily brought into the host country territory shall carry a TAD in the prescribed form (Appendix-I). 2) The period of validity of the TAD in case of goods imported or exported by sea shall not exceed fifteen days (to be issued in pink colored papers) from the date of issue and in case the goods not imported or exported by sea (to be issued in green colored papers) shall not exceed thirty days from the date of issue.

Practice: The practice is as per law

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are compliant to the standard.

Recommendations: None

14. Recommended Practice	<p>The use of declaration of departure forms identical to those prescribed for declaration of</p> <ul style="list-style-type: none"> • Arrival forms should be allowed by the Customs provided that their use for purposes of • Departure is clearly indicated
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Overall Assessment: Substantially Compliant

Relevant law:

- The Customs Act
- The Customs Rules; Appendices-I and II to rule 400.

Discussion:

Law: The declaration forms for arrival as well as departure, of means of transport as prescribed under the Customs Act, and contained in Appendices-I and II to rule 400 of the Customs Rules, 2001, are not identical, however almost all the requirements are common. The requirements of Export Manifest are very similar to those for Import Manifest. Differences are for obvious reasons i.e. the port of departure and arrival are different, the crew or passengers may have changed and so on. These differences are of minor nature.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are in substantial compliance with the 'Recommended Practice'.

Recommendations: The documents for both situations may be merged into one form. This can be done by adding some new columns to cater for both arrival and departure.

15. Standard	Means of transport for commercial use shall be permitted to depart from the Customs territory through a Customs office other than that through which they arrived.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act

Discussion:

Law: There is no provision in the Customs Act, barring departure out of Pakistan from a port or Customs Station other than that where the means of transport for commercial use had first called or arrived. In view of this, it is logical to infer that means of transport may depart on its journey out of Pakistan from a port or Customs station other than the Customs station of their arrival.

The requirements of the Standard are satisfied.

Practice: Practice is as per law in accordance with provisions of law.

Resource Persons:

- Mr. Fateh Mohammad Sheikh, Collector of Custom House, Karachi.
- Dr. M. Saeed Jadoon, Additional Collector of Customs MCC, Peshawar.
- Sardar Abdul Qayoom, Superintendent Preventive Service MCC (Preventive) Custom House, Karachi.

Conclusion: The law and practice are in compliance with the instant Standard.

Recommendation: None

Chapter 4: Stores

Definitions

Six defined terms are provided at the beginning of Chapter 4 of Specific Annex J, and are to be used to properly understand the meaning of the standards and recommended practices contained in that chapter. As explained in the general discussion of the use of definitions, which is provided in the analysis of Chapter 2 of the General Annex, there is no explicit requirement in the RKC requiring a Contracting Party to adopt into its national legislation the terms and assigned meanings specified in the RKC. However, we note that in some cases it may be difficult for Pakistan to comply with its obligations under the RKC if certain of the customs-specific terms defined in the RKC are not used in Pakistan's customs legislation, or - if such a term is used - it is assigned a meaning that differs materially from that specified in the RKC, which reflects the generally accepted meaning of the term in international practice.

The six defined terms and associated meanings provided in Chapter 4 of Specific Annex J (and our notes with respect to each) are:

- "carrier" means the person actually transporting goods or in charge of or responsible for the operation of the means of transport;
- "Customs formalities applicable to stores" means all the operations to be carried out by the person concerned and by the Customs in respect of stores;

Note: The definition of the expression "Customs formalities applicable to stores", as espoused in this Chapter of RKC, has not been incorporated either in the Customs Act (the Act), or the rules made there under. As a part of cargo on board the ships and other carriers entering the Customs territory of Pakistan, 'stores' are an integral part of the Manifest Declaration. The inclusion of this definition in the Act and the rules will make the law more transparent.

- "Customs treatment of stores" means all the facilities to be accorded and all the Customs formalities applicable to stores;

Note: This definition of the term 'Customs treatment of stores' does not appear either in the Customs Act or the Customs Rules. Nonetheless, the provisions of rules 407 (Vessel store declaration), 413 (Boarding and rummaging of vessel), 415 (Supplies to the vessel by licensed ship chandlers) and 416 (Grant of port clearance) of the Customs Rules and the Appendices IV, VI and VII of the said rules contain all the ingredients of the definition under-reference.

In this context, the inclusion of the definition of the term "Customs treatment of stores" in the Customs Rules will further integrate the existing provisions of the Rules relevant to "stores".

- "Stores" means :
 - Stores for consumption; and
 - Stores to be taken away;

Note: Neither the Customs Act, nor the Customs Rules contain a definition of the word "stores". "Stores for consumption" means goods intended for consumption by the passengers and the crew on board vessels, aircraft or trains, whether or not sold; and goods necessary for the operation and maintenance of vessels, aircraft or trains including fuel and lubricants but excluding spare parts and equipment; which are either on board

upon arrival or are taken on board during the stay in the Customs territory of vessels, aircraft or trains used, or intended to be used, in international traffic for the transport of persons for remuneration or for the industrial or commercial transport of goods, whether or not for remuneration. “Stores to be taken away” means goods for sale to the passengers and the crew of vessels and aircraft with a view to being landed, which are either on board upon arrival or are taken on board during the stay in the Customs territory of vessels and aircraft used, or intended to be used, in international traffic for the transport of persons for remuneration or for the industrial or commercial transport of goods, whether or not for remuneration.

1. Standard	Customs treatment of stores shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.
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Overall Assessment: Not Applicable

Relevant Law:

- [None]

Discussion:

Standard 1 does not establish a requirement that a national customs regime must comply with. It only provides that clearance for home use is to be governed by Chapter 4 of Annex J and the applicable provisions of the General Annex.

Conclusion: Any compliance issues with respect to Standard 1 will be identified in the individual compliance assessments for the standards and recommended practices of Chapter 4.

Recommendations: Recommendations are provided in the context of the individual assessments for Chapter 4 whenever compliance with Standard 1 is implicated.

2. Recommended Practice	Customs treatment of stores should apply equally, regardless of the country of registration or ownership of vessels, aircraft or trains.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 43 to 46.
- The Customs Rules; Rules 402, 403 and 407.

Discussion:

Law: In the application of Customs controls over the stores, the Customs Act and the Customs Rules do not discriminate on the basis of country of registration or ownership of vessels, aircrafts or trains. Stores of all means of transport are governed by the provisions of the Act and the Rules equally. The relevant rules clearly show non-discrimination. These are reproduced below for ease of reference.

- Filing of cargo declaration (manifest):
 - 1) Cargo information including declarations as per Appendix-III shall be filed online free of charge eighteen hours prior to the ETA or at any time after confirmation of VIR has been received by PACCS, however, the NVOCCs shall file the incoming Cargo Declaration (IGM) against the VIR number allocated and to the extent of bill of lading relating thereto as declared in the VIR by the carrier or his agent; provided that in cases where the port of loading for the index is Dubai, Jebel Ali, Khor-Fakkan, Salalah, Fujairah, Bandar Abbas, Mumbai, Nhava Sheva, Mundra, Kandla and Mina Qaboos, cargo information may be filed without charges twelve hours prior to the ETA.
- Declaration of transit and transshipment cargo: The declaration of transit and transshipment cargo shall be as follows, namely:
 - a) Transit: For cargo destined to
 - Off-dock station, the name of off-dock station shall be mentioned in the data field of Via (port of exit/clearance);
 - Inland dry customs-port within Pakistan through multimodal bill of lading, inland port shall be mentioned in the data field of port of destination; and
 - Inland dry customs-port within Pakistan through non-multimodal bill of lading, the city of destination other than Karachi shall be mentioned in the data of consignee city; and
 - Afghanistan, the port of exit from Pakistan shall be mentioned in the data field of Via (port of exit/clearance) as Peshawar or Quetta.
 - b) Transshipment: Transshipment cargo shall be declared in the manifest including one of the selectable customs-port for transshipment from where it is intended to be exported from Pakistan which shall also be distinctly mentioned in the data field of Via (port of exit/clearance) such as, the Karachi International Container Terminal (KICTL), Pakistan International Container Terminal (PICT), KPT East Wharf, KPT West Wharf, Qasim International Container Terminal (QICT), Port Qasim or Karachi Air Freight Unit.
- Vessel store declaration: Vessel store declaration shall be furnished to the Boarding and Rummaging Officer on boarding of the vessel and on its arrival as per Appendix-IV.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh M. Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, AFU, Islamabad.

Conclusion: The law and practice are in compliance with the 'Recommended Practice'.

Recommendations: None

3. Standard	Stores which are carried in a vessel or aircraft arriving in the Customs territory shall be exempted from import duties and taxes provided that they remain on board.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 45(1)).
- The Customs Rules; Appendix IV under rule 407.

Discussion:

Law: No aspect of Pakistan's customs regime provides for the levying of duties and taxes on vessel or aircraft stores that remain onboard. And the standard does not require national legislation to explicitly provide for the specified exemption. It is sufficient if the law does not authorize the levying of duties or taxes on such stores, and it is established practice not to do so.

Practice: No duties and taxes are levied on stores.

Resource Persons:

- Mr. Fateh M. Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, AFU, Islamabad.

Conclusion: The law is compliant and the practice is compliant.

Recommendations: None.

4. Recommended Practice	<p>Stores for consumption by the passengers and the crew imported as provisions on international express trains should be exempted from import duties and taxes provided that :</p> <ul style="list-style-type: none"> a) Such goods are purchased only in the countries crossed by the international train in question; and b) Any duties and taxes chargeable on such goods in the country where they were purchased are paid.
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Overall Assessment: Not Applicable.

Relevant Law:

- The Customs Act.
- The Customs Rules
- SRO 425(I)/73 dated 24.03.
- IPO/Section 24

Discussion:

Law: SRO 425(I)/73 dated 24.03.1973 was issued which provides the detailed procedure for regulating consumption of stores and provisions on board a conveyance which is in transit through Pakistan to a destination outside Pakistan. However the FBR/Customs has not been able to confirm whether this SRO is still alive. In any case this SRO cannot be implemented as it talks of alcoholic beverages being allowed to the crew and passengers. There have also been references to "IPO/Section 24" but we have not reviewed this.

Practice: There is no international express train passing through Pakistan or terminating in Pakistan these days. There is a train called "Gul Train" that is supposed to run from Pakistan to Turkey and back. This is basically a goods train started some time back for facilitating trade between Pakistan and Turkey however this train could not operate regularly because of the collapse of Pakistan Railways. No such exemption appears to have issued for this train. At present therefore there is no international express railway train originating from a third country which crosses through a neighboring country before arriving or terminating in Pakistan or crossing Pakistan in transit. As there is no operational International Express train in Pakistan these days therefore there is no known practice about the treatment of stores especially consumable stores in such trains.

Resource Persons:

- Mr. M. Ibrahim Vighio, Collector of Customs, MCC, Quetta.
- Mr. G.R. Memon, Superintendent Customs, MCC, Hyderabad.

Conclusion: The recommended practice is not currently applicable in Pakistan.

Recommendations: To anticipate the possible future applicability of this recommended practice, it is be advisable to add a provision to the Customs Act providing the specified exemption for international express train stores.

5. Standard	Stores for consumption necessary for the operation and maintenance of vessels, aircraft and trains which are on board these means of transport arriving in the Customs territory shall be exempted from import duties and taxes provided that they remain on board while these means of transport are in the Customs territory.
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Overall Assessment: Substantially Compliant

Relevant Law:

- The Customs Act; Section 45(1).
- The Customs Rules; Rule 407.

Discussion:

Law: The Customs Act or the rules made there under, do not have any provisions for levying duties and taxes on the stores which remain on board and are not unloaded. Not levying duties and taxes on 'stores' is a well-established practice. However as there is no specific provision in the Act or the rules, there is a need for introducing a new section in the Act in chapter VII dealing with the Arrival and departure of conveyance. This exemption should also be notified and made a part of the Customs Manual and other relevant manuals.

Practice: The practice is compliant with the standard as no duties and taxes have ever been charged on 'stores' carried in a ship, vessel or air craft.

Resource Persons:

- Mr. M. Ibrahim Vighio, Collector of Customs, MCC, Quetta.
- Mr. G.R. Memon, Superintendent Customs, MCC, Hyderabad.

Conclusion: The law is non-compliant while the practice is compliant.

Recommendations: There is a need to introduce a new provision in the Customs Act in chapter VII dealing with the arrival and departure of conveyances. The new provision should establish an exemption for the specified stores. This exemption could also be notified and made a part of the Preventive Service Manual and other relevant manuals dealing with the arrival and departure of the ships, vessels and aircraft etc.

6.Standard	When a declaration concerning stores on board vessels arriving in the Customs territory is required by the Customs, the information required shall be kept to the minimum necessary for the purposes of Customs control.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.
- The Customs Rules; Rule 407.

Discussion:

Law: Under rule 407 of the Customs Rules provides for submission of vessel store declaration in the form specified in Appendix IV of the Rules which is reproduced below. The said form is most brief and simple. Consequently the law is in compliance with the Standard.

Vessel store declaration: Vessel store declaration shall be furnished to the Boarding and Rummaging Officer on boarding of the vessel and on its arrival as per Appendix-IV.

Appendix-IV

[See rule 407]

Vessel Store Declaration:

S. No.	Period of stay.	Name of article.	Quantity.	Place of storage.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fateh M. Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.
- Mr. Qurban Ali Khan, Additional Collector of Customs, AFU, Islamabad.

Conclusion: The law and practice are in compliance with this Standard.

Recommendations: None

7. Recommended Practice	The quantities of stores which are allowed by the Customs to be issued from the stores held on board should be recorded on the declaration concerning stores produced to the Customs upon arrival of the vessel in the Customs territory and no separate form should be required to be lodged with the Customs in respect thereof.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 45(1).
- The Customs Rules; Rule 407.

Discussion:

Law: Under rule 407 of the Customs Rules read with section 45 of the Customs Act the master of a vessel or in charge of any other conveyance is required to submit 'Vessel Store Declaration' as a part of the Manifest specified in Appendix IV of the said Rules. The Rules or the Appendices, however, do not contain any entry regarding consumption of any store during stay of the conveyance in Customs territory. It would therefore be logical that in this Appendix a column may be added to indicate the issuance/consumption of stores. This addition will be in line with the provisions of section 45(1) of the Act which requires the person in charge of a conveyance to specify all goods imported in such conveyance including the stores intended for consumption at the customs-station.

The provisions as referred to above are reproduced herein below.

- Signature and contents of import manifest and amendment thereof:
 - 1) Every manifest delivered under section 43 or section 44 shall be signed by the person-in-charge of the conveyance or his duly authorized agent and shall specify all goods imported in such conveyance showing separately all goods, if any, intended to be landed, transshipped, transited or taken into another customs-station or to a destination outside Pakistan and stores intended for consumption at the customs-station or on the outward voyage or journey, and shall be made out in such form and contain such further particulars as the Board may from time to time direct:

Vessel store declaration: Vessel store declaration shall be furnished to the Boarding and Rummaging Officer on boarding of the vessel and on its arrival as per Appendix-IV.

Appendix-IV

[See rule 407]

Vessel Store Declaration:

S. No.	Period of stay.	Name of article.	Quantity.	Place of storage.

Practice: In practice the Customs do not require any formal declaration from the Master of the vessel and only check the store record register of the ship/vessel, where such stores meant for consumption in the port etc. are recorded. Therefore the practice provides more facilities than suggested in this standard.

Resource Persons:

- Mr. Fazal-e-Yazdani, Collector of Customs, MCC (Preventive), Customs House, Lahore.
- Mr. Fateh Muhammed Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.

- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.

Conclusion: The law and practice are not in compliance with the provisions of this 'Recommended Practice'. In fact Customs provides more facility to such stores than suggested in this Recommended Practice.

Recommendations: Rule 407 of the Customs Rules and Appendix IV may be revised to provide a column for consumption of any stores during stay of the vessel/conveyance in Customs territory. Or The existing practice of not requiring any declaration about such stores may continue. The current rule may be changed to specify that such entries in store record maintained by the master of the vessel should be considered sufficient for this purpose.

8. Recommended Practice	The quantities of stores which are supplied to vessels during their stay in the Customs territory should be recorded on any declaration concerning stores which has been required by the Customs.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 24.
- The Customs Rules; Rule 415 and Appendix VIII.

Discussion:

Law: Under rule 415 of the Customs Rules at least three hours prior to the entry of the delivery vehicle to the port area, the ship-chandler is required to file a declaration as per Appendix-VIII, regarding supplies including stores that are to be made to the ship/vessel. The provisions of the said rule satisfy the requirements of the instant 'Recommended Practice'.

For facility of reference the said rule and the Appendix are reproduced below:

- Rule 415. Supplies to the vessel:
 - 1) The ship-chandler shall file a declaration as per Appendix-VIII online to PACCS (WeBOC) regarding supplies that are to be loaded on the vessel which shall be provided at least three hours prior to the entry of the delivery vehicle to the port area.
 - 2) On receipt of declaration under sub-rule (1), PACCS (WeBOC) shall authorize the T.O. to allow the passage of the delivery vehicle who shall, thereon, confirm the event to PACCS (WeBOC) which may depute officer of customs to examine the goods as per declaration and may supervise loading onto the vessel."

Appendix-VIII

Ship supplies
[See rule 415]

S. No.	Description of Goods.	Quantity / unit. Chandler's	CHAL #	Estimated time of Pass in.

Practice: The practice follows the law.

Resource Persons:

- Mr. Fazal-e-Yazdani, Collector of Customs, MCC (Preventive), Customs House, Lahore.
- Mr. Fateh Muhammed Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.

Conclusion: The law and practice are in compliance with the 'Recommended Practice'.

Recommendations: None

9. Standard	The Customs shall not require the presentation of a separate declaration of stores remaining on board aircraft.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Sections 43 to 45.
- The Customs Rules; Rule 407 read with Appendix IV.

Discussion:

Law: The Customs do not require an aircraft to present a separate declaration of stores remaining on board the aircraft. The import manifest required to be filed under sections 43 to 45 of the Customs Act (the Act) also contain declaration in respect of stores (section 45) on board the aircraft and thereby no further declaration is needed. The form of declaration of stores is prescribed as Appendix IV to rule 407 of the Customs Rules, 2001. The said sections are reproduced below:

- Delivery of import manifest in respect of a conveyance other than a vessel: The person-in-charge of a conveyance other than a vessel shall [before arrival or], within twenty-four hours after arrival thereof at a land customs-station or customs-airport, as the case may be, deliver or file electronically an import manifest to the appropriate officer.
- Signature and contents of import manifest and amendment thereof:
 - 1) Every manifest delivered under section 43 or section 44 shall be signed by the person-in-charge of the conveyance or his duly authorized agent and shall specify all goods imported in such conveyance showing separately all goods, if any, intended to be landed, transhipped, transited or taken into another customs-station or to a destination outside Pakistan and stores intended for consumption at the customs-station or on the outward voyage or journey, and shall be made out in such form and contain such further particulars as the Board may from time to time direct.

Practice: The practice is as per law.

Resource Person:

- Mr. Fazal-e-Yazdani, Collector of Customs, MCC (Preventive), Customs House, Lahore.
- Mr. Fateh Muhammed Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

10. Standard	The Customs shall allow the issue of stores for consumption on board during the stay of a vessel in the Customs territory in such quantities as the Customs deem reasonable having regard to the number of the passengers and the crew and to the length of the stay of the vessel in the Customs territory.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.
- The Customs Rules

Discussion:

Law: The Customs generally allow the issue of stores for consumption on board a ship/vessel during its stay in the port in such quantities as are deemed reasonable with regards to the number of passengers as well as the crew and in relation to the length of the stay of the vessel at the port. The requirements of the Standard are met in practice. However there is no such provision in the law or the rules requiring Customs to allow issue of stores for consumption in reasonable quantities.

Practice: The practice is as per the requirements of the standard.

Resource Persons:

- Mr. Fazal-e-Yazdani, Collector of Customs, MCC (Preventive), Customs House, Lahore.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.

Conclusion: The practice is in compliance with the Standard however the law is not in compliance.

Recommendations: Rule 407 of the Customs Rules and Appendix IV may be revised to provide a column for issue of stores for consumption on board during the stay in Pakistan as the Customs being reasonable having regard to the number of passengers and to the crew and the length of the stay of the vessel.

11. Recommended Practice	The Customs should allow the issue of stores for consumption on board by the crew while the vessel is undergoing repairs in a dock or shipyard, provided that the stay in a dock or shipyard is considered to be of reasonable duration.
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Overall Assessment: Substantially Compliant

Relevant Law:

- The Customs Act.
- The Customs Rules

Discussion:

Law: There is no provision in the law and the rules contrary to the requirement of the 'Recommended Practice'. The Customs ordinarily allow the issue of stores for consumption on board by the crew while the vessel is undergoing repairs in a dock or shipyard subject to the condition that the stay of the vessel in a dock or shipyard is of reasonable duration. The reasonableness of stay is determined in the light of the extent of repair work or it may be ascertained from the documents exchanged between the shipyard/docks and the Master of the ship or his agent. However there is no specific provision allowing this practice. The rules therefore need to be amended to provide for this practice.

The requirements of the 'Recommended Practice' are in that manner satisfied so far as the practice is concerned.

Practice: The practice is in compliance to the Recommended Practice.

Resource Persons:

- Mr. Fazal-e-Yazdani, Collector of Customs, MCC (Preventive), Customs House, Lahore.
- Mr. Fateh Muhammed Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.

Conclusion: The practice is in compliance with the 'Recommended Practice'. However the law is not in compliance with the Recommended Practice.

Recommendations: Rule 407 of the Customs Rules and Appendix IV may be revised to provide a column for issue of stores for consumption on board during the stay in Pakistan for repairs in a dock or shipyard, having regard to the number of crew and the length of the stay of the vessel.

12. Recommended Practice	When an aircraft is to land at one or more airports in the Customs territory, the Customs should allow the issue of stores for consumption on board both during the stay of the aircraft at such intermediate airports and during its flight between such airports.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.
- The Customs Rules

Discussion:

Law: When an aircraft is to land at one or more airports in the Customs territory, the Customs ordinarily allow the issue of stores for consumption on board during the stay of the aircraft at the intermediate airports as well as during its flight between such airports. There is no provision in the law and the rules contrary to the requirement of the 'Recommended Practice'. However there is no specific provision to allow such supplies of Commissary Supplies on Board Aircraft, in the law or the rules.

Practice: The practice is in compliance with the Recommended Practice.

Resource Persons:

- Mr. Fazal-e-Yazdani, Collector of Customs, MCC (Preventive), Customs House, Lahore.
- Mr. Fateh Muhammed Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.

Conclusion: The practice is in compliance with the 'Recommended Practice'. However the law is not in compliance with the Recommended Practice.

Recommendations: Rule 407 of the Customs Rules, 2001, and Appendix IV may be revised to provide a column for Customs to issue stores for consumption on board both during the stay of the aircraft at intermediate airports and during its flight between airports.

13. Standard	The Customs shall require the carrier to take appropriate measures to prevent any unauthorized use of the stores including sealing of the stores, when necessary.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act.
- The Customs Rules; Rule 407 (read with Appendix IV) and 413

Discussion:

Law: Under rule 407 of the Customs Rules the carrier is required to file a 'Vessel Stores Declaration' in the form specified in Appendix IV of the Rules. The subject stores are inspected by the appropriate officer during the rummaging of the conveyance and are duly sealed in accordance with the provisions of rule 413 of the said Rules. Releases from the stores are allowed by the appropriate officer on written requisition of the person in charge of the conveyance which is duly recorded on the 'Vessel Stores Declaration'. The rules are thus in compliance with the Standard.

The above referred rules and Appendix are reproduced below:

- Vessel store declaration: Vessel store declaration shall be furnished to the Boarding and Rummaging Officer on boarding of the vessel and on its arrival as per Appendix-IV.

Appendix-IV
 [See rule 407]

Vessel Store Declaration:

S. No.	Period of stay.	Name of article.	. Quantity.	Place of storage.
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- Boarding and rummaging of vessel: The PACCS (WeBOC) shall, on berthing of the vessel as confirmed by the Terminal Operator (T.O.), depute boarding officials who shall board and examine the vessel in accordance with the vessel store declaration and shall seal the vessel's bonded stores, the information whereof shall be furnished by the Boarding and Rummaging Officer as per Appendix-VI and where rummaging is carried out, a report as per Appendix-VII shall be entered by the Boarding and Rummaging Officer.

Practice: Practice is as per law.

Resource Persons:

- Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Custom House, Karachi.
- Sardar Abdul Qayyum, Superintendent Preventive Service, MCC (Preventive), Custom House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

14. Standard	The Customs shall require the removal of stores from the vessel, aircraft or train for storage elsewhere during their stay in the Customs territory only when they consider it necessary.
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Overall Assessment: Non-Compliant

Relevant Law:

- The Customs Act.

Discussion:

Law: The Customs Act, or the rules made there under do not contain any provisions to the contrary. The stores carried on board a conveyance are however not unloaded or shifted to any place other than the aircraft.

Practice: There is no law in this regard, therefore there is no such practice.

Resource Persons:

1. Mr. Fazal Yazdani Khan, Collector of Customs (Preventive), Custom House, Karachi.
2. Sardar Abdul Qayyum, Superintendent Preventive Service, MCC (Preventive), Custom House, Karachi.

Conclusion: The law is not in compliance with the Standard. Therefore there is no such practice.

Recommendations: In case of some possible eventuality that may require the shifting of bonded stores outside the aircraft a rule may be added to provide for such removal under Customs supervision.

15. Standard	<p>Vessels and aircraft which depart for an ultimate foreign destination shall be entitled to take on board, exempted from duties and taxes:</p> <p>(a) Stores in such quantities as the Customs deem reasonable having regard to the number of the passengers and the crew, to the length of the voyage or flight and to any quantities of such stores already on board; and</p> <p>(b) Stores for consumption necessary for their operation and maintenance, in such quantities as are deemed reasonable for operation and maintenance during the voyage or flight having regard also to any quantities of such stores already on board.</p>
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 24.
- The Federal Excise Act; Section 16 read with Schedule I.
- SRO 425(I)/73 dated 24-03-1973.

Discussion:

Law: Under section 24 of the Customs Act, the indigenous provisions and stores required on any conveyance proceeding to any foreign port, airport or station may be exported free of customs-duty, in such quantities as the appropriate officer may determine having regard to the size of the conveyance, the number of passengers and crew and the length of the voyage or journey of the conveyance.

Provisions and stores may be exported free of duty: Goods produced or manufactured in Pakistan and required as provisions and stores on any conveyance proceeding to any foreign port, airport or station may be exported free of customs-duty, in such quantities as the appropriate officer may determine having regard to the size of the conveyance, the number of passengers and crew and the length of the voyage or journey on which the conveyance is about to depart.

Likewise, section 18 of the Federal Excise Act exempts such stores from levy of excise duty. In the case of sales tax such exemption is available under clauses (i) and (ii) of Serial Number 1 of the Fifth Schedule to the Sales Tax Act, 1990.

In Pakistan there is no export duty on any product therefore the question of levying any duties and taxes is only academic.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal-e-Yazdani, Collector of Customs, MCC (Preventive), Customs House, Lahore.
- Mr. Fateh Muhammed Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

16. Standard	Replenishment of stores exempted from duties and taxes shall be allowed for vessels and aircraft which have arrived in the Customs territory and which need to replenish their stores for the journey to their final destination in the Customs territory.
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Overall Assessment: Substantially Compliant

Relevant Law:

- The Customs Act; Section 24.
- The Customs Rules; Rule 415.
- Sales Tax Act, Section 4(b).

Discussion:

Law: Section 24 of the Customs Act allows domestic products to be supplied without payment of leviable customs duty to vessels and aircraft proceeding abroad. Similar exemption from sales tax and federal excise duty is respectively admissible by section 4 of the Sales Tax Act, 1990, read with the Fifth Schedule thereof as well as under section 16 of the Federal Excise Act, 2005.

Nevertheless, the stores which are procured during transit from one Customs station to another within the country are not covered by the above provisions and are subject to leviable duties and taxes. In other words, the exemption from duties is available only for exports and not for consumption on board during transit journey within the country. The law is thus not in compliance with the instant Standard.

Practice: The practice is as per law.

Resource Persons:

- Mr. Fazal-e-Yazdani, Collector of Customs, MCC (Preventive), Customs House, Lahore.
- Mr. Fateh Muhammed Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.

Conclusion: The law and practice are in substantial compliance with the standard.

Recommendation: Section 24 of the Customs Act should be modified to include the procurement of stores for replenishment during the transit from one Customs station to another within the country. Section 4 of the Sales Tax Act, 1990, and section 16 of the Federal Excise Act, 2005 also should be similarly amended.

17. Standard	The Customs shall allow stores for consumption supplied to vessels and aircraft during their stay in the Customs territory to be issued under the same conditions as are applicable in this Chapter to stores for consumption held on board arriving vessels and aircraft.
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Overall Assessment: Substantially Compliant

Relevant Law:

- The Customs Act; Section 24.
- The Sales Tax Act; Section 4 and Fifth Schedule.
- The Federal Excise Act; Section 16.

Discussion:

Introductory note: This standard requires that if any conditions are laid down by Customs for the supply of stores for consumption to vessels or aircraft, they should be the same as those for stores held on board. No additional conditions or differing conditions should be imposed.

Law: See discussion under Standard 16 above.

Practice: The practice is consistent with the standard.

Resource Persons:

- Mr. Fazal-e-Yazdani, Collector of Customs, MCC (Preventive), Customs House, Lahore.
- Mr. Rashid Ahmad Sheikh, Collector of Customs, MCC (Preventive), Customs House, Karachi.
- Mr. Nasir Chandna, Customs Clearing Agent, Customs House, Karachi.

Conclusion: The law is in substantial compliance and the practice is in compliance with the standard.

Recommendations: Same as under Standard 16.

18. Recommended Practice	No separate declaration concerning stores should be required upon departure of vessels from the Customs territory.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 53.
- The Customs Rules; Rule 416.

Discussion:

Law: The instant 'Recommended Practice' has nexus with Standards 6, 8 and 9 to this Chapter. At the time of seeking port clearance for the vessel to initiate its voyage abroad, the carrier files a request under clause (a) of sub-section (2) of section 53 of the Customs Act read with rule 416 of the Customs Rules, 2001, in the form (of 'Vessel declaration (for outgoing)'), as given in Appendix IX with necessary documents.

Appendix-IX

Vessel Declaration (for outgoing)

Incoming

Outgoing

Vessel's General Declaration:

Name of vessel.	Voyage number.	Beam.
Last port of call. KARACHI.	Draft Fwd.	Draft Aft.
Next Port of call. ETD and date.	ETD and date	Air Draft.

Crew and Passenger Effect List:

Change in crew and effect list at this port:

S. No.	Family name, given names.	Rank or rating.	Nationality.	Certificate number of seafarer.	Valid up to.	Issuing authority.	Number of identity document (seamen's CDC / SSB or Passport).	Effects.	Quantity

Passenger List:

Change in Passenger List at this port:

S. No	Family name, given names.	Nationality.	Passport Number.	Port of embarkation.	Port of disembarkation.

Port Clearance for departure:

Light dues payment Receipt No & date.	Health Certificate No & date.	Income tax certificate No & date	MMD's NOC No & date.	KPT's NOC No & date.

The perusal of the form of 'Vessel declaration (for outgoing)' reveals that no separate declaration is required for the stores carried on board the vessel. The requirements of the 'Recommended Practice' are met.

Practice: Practice is as per law.

Resource Persons:

- Sardar Abdul Qayyum, Superintendent Preventive Service, MCC, Custom House, Karachi.
- Mr. Shamim Akhtar, Superintendent Preventive Service, MCC, Custom House, Karachi.
- Mr. Nasir Chandana, Custom House Agent, Custom House, Karachi.

Conclusion: The law and practice are in compliance with the 'Recommended Practice'.

Recommendations: None

19. Standard	When a declaration is required concerning stores taken on board vessels or aircraft upon departure from the Customs territory, the information required shall be kept to the minimum necessary for the purpose of Customs control.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Section 53.
- The Customs Rules; Rule 416.

Discussion:

Law: This Standard is consequential to 'Recommended Practice' 18. As narrated there under, at the time of seeking port clearance for the vessel to initiate its voyage abroad, the carrier files a request under clause (a) of sub-section (2) of section 53 of the Customs Act read with rule 416 of the Customs Rules, 2001, in the form (of 'Vessel declaration (for outgoing)'), as given in Appendix IX thereto, along with all the necessary documents for obtaining clearance as required under rule 416 *ibid*.

Perusal of the form of 'Vessel declaration (for outgoing)' reveals that no separate declaration is at all required for the stores carried on board the vessel. In this manner, the provisions of law meet the requirement of this Standard.

Practice: The practice is as per law.

Resource Persons:

- Sardar Abdul Qayyum, Superintendent Preventive Service, MCC, Custom House, Karachi.
- Mr. Shamim Akhtar, Superintendent Preventive Service, MCC, Custom House, Karachi.
- Mr. Nasir Chandana, Custom House Agent, Custom House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

20. Standard	<p>Stores on board vessels, aircraft and trains having arrived in the Customs territory shall be allowed :</p> <ul style="list-style-type: none"> a) To be cleared for home use or to be placed under another Customs procedure, subject to compliance with the conditions and formalities applicable in each case; or b) Subject to prior authorization by the Customs, to be transferred respectively to other vessels, aircraft or trains in international traffic.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Customs Rules

Discussion:

Law: This standard provides for additional facilitation that allows various means of disposal for stores arriving in the Customs territory, subject to compliance with the relevant Customs formalities applicable to the chosen procedure. This includes transshipment of stores from one conveyance to another belonging to the same company. The transshipment of the stores from one conveyance to another of the same owner is permissible under section 124 of the Customs Act (the Act). The section is reproduced below for ease of reference:

Transshipment of provisions and stores from one conveyance to another of the same owner without payment of duty: Any provisions and stores in use or being carried for use on board a conveyance may, at the discretion of the appropriate officers be transshipped to another conveyance belonging wholly or partly to the same owner and present simultaneously at the same customs-station, without payment of duty.

For this purpose the master of the vessel or person-in-charge of the train or the aircraft or his agent will need permission from the Customs and file a Goods declaration for home consumption or for warehousing under section 79 of the Act, and clear the goods on payment of duties and taxes and comply with any restrictions or prohibitions for the time being imposed under any law.

Section 79 is reproduced below:-

- Declaration and assessment for home consumption or warehousing:
 1. The owner of any imported goods shall make entry of such goods for home consumption or warehousing or for any other approved purposes, within fifteen days of the arrival of the goods, by

Practice: Practice is as per law.

Resource Persons:

- Sardar Abdul Qayyum, Superintendent Preventive Service, MCC, Custom House, Karachi.
- Mr. Shamim Akhtar, Superintendent Preventive Service, MCC, Custom House, Karachi.
- Mr. Nasir Chandana, Custom House Agent, Custom House, Karachi.

Conclusion: The law and practice are in compliance with the Standard.

Recommendations: None

Chapter 5: Relief Consignments

Definitions

One defined term is provided at the beginning of Chapter 5 of Specific Annex J, and are to be used to properly understand the meaning of the standards and recommended practices contained in that chapter. As explained in the general discussion of the use of definitions, which is provided in the analysis of Chapter 2 of the General Annex, there is no explicit requirement in the RKC requiring a Contracting Party to adopt into its national legislation the terms and assigned meanings specified in the RKC. However, we note that in some cases it may be difficult for Pakistan to comply with its obligations under the RKC if certain of the customs-specific terms defined in the RKC are not used in Pakistan's customs legislation, or - if such a term is used - it is assigned a meaning that differs materially from that specified in the RKC, which reflects the generally accepted meaning of the term in international practice.

The defined term and associated meaning provided in Chapter 5 of Specific Annex J (and our notes with respect thereto) is:

- "Relief consignments" means: Goods, including vehicles and other means of transport, foodstuffs, medicaments, clothing, blankets, tents, prefabricated houses, water purifying and water storage items, or other goods of prime necessity, forwarded as aid to those affected by disaster; and All equipment, vehicles and other means of transport, specially trained animals, provisions, supplies, personal effects and other goods for disaster relief personnel in order to perform their duties and to support them in living and working in the territory of the disaster throughout the duration of their mission.

Note: The definition of the expression 'relief consignments' has not been provided for either in the Customs Act (the Act), or the rules made thereunder. It is common practice that in case of emergencies such as floods, earthquakes and other disasters, relief assistance in terms of equipment, machinery, prefabricated housing, tools and kits used by persons involved in relief operations, food, medicines and medicaments as well as clothing and the like are rushed from different countries on humanitarian grounds. The need in such circumstances is to immediately clear the consignments from Customs and expeditiously deliver the same at the sites where relief operations are being carried out. In this perspective, the addition of this definition of the term 'relief consignments' to section 2 of the Customs Act, appears appropriate, particularly because the Act has requisite provisions in the First Schedule which relate to release of such consignments without payment of leviable duties and taxes.

1. Standard	Clearance of relief consignments shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.
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Overall Assessment: Not Applicable

Relevant Law:

- [None]

Discussion:

Standard 1 does not establish a requirement that a national customs regime must comply with. It only provides that clearance for home use is to be governed by Chapter 5 of Annex J and the applicable provisions of the General Annex.

Conclusion: Any compliance issues with respect to Standard 1 will be identified in the individual compliance assessments for the standards and recommended practices of Chapter 5.

Recommendations: Recommendations are provided in the context of the individual assessments for Chapter 5 whenever compliance with Standard 1 is implicated.

2. Standard	Clearance of relief consignments for export, transit, temporary admission and import shall be carried out as a matter of priority.
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Overall Assessment: Partially Compliant

Relevant Law:

- The Customs Act; Chapter 99, PCT CODE 9911.

Discussion:

Law: In Pakistan, the stipulations of this Standard are followed by Customs and the clearance of relief consignments for export, transit, temporary admission and import are carried out on priority.

Practice: The practice is as per standard.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Irfan Javed, Additional Collector of Customs, MCC (East Wharf), Custom House, Karachi.

Conclusion: The practice is in compliance while the law is not in compliance.

Recommendation: A new rule may be framed for clearance of relief goods. The provision of this standard should be made part of the rule that relief goods may be cleared on priority. A module may be introduced in the WeBOC system for this purpose.

3. Standard	<p>In the case of relief consignments the Customs shall provide for:</p> <ul style="list-style-type: none"> • Lodging of a simplified Goods declaration or of a provisional or incomplete Goods declaration subject to completion of the declaration within a specified period; • Lodging and registering or checking of the Goods declaration and supporting documents prior to the arrival of the goods, and their release upon arrival; • Clearance outside the designated hours of business or away from Customs offices and the waiver of any charges in this respect; and • Examination and/or sampling of goods only in exceptional circumstances.
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Overall Assessment: Partially Compliant

Relevant Law:

- The Customs Act; Chapter 99, Sub-Chapter II, Import of Relief Goods, Gifts, Samples, PCT heading 9911

Discussion:

Law: In this case there is no specific section in the Customs Act or rule for relief goods/consignments. However as a matter of practice Customs accept prior GD for release of such goods under Chapter IV (Prior Release) of Customs Rules, rule 1(iv-h). This rule provides that: (iv-h) Any other goods urgently required, with the approval of the Collector of Customs, in writing, on case to case basis;

However, there is no specific mention of relief goods (Chapter 99, Sub-Chapter II, Import of Relief Goods, Gifts, Samples, PCT heading 9911) even in this rule. Re

Practice: The practice is in substantial compliance with the standard.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Irfan Javed, Additional Collector of Customs, MCC (East Wharf), Custom House, Karachi.

Conclusion: The law is not compliant while practice is substantially compliant.

Recommendations: FBR/Customs should note Standard 1.2 of the General Annex and provide in the Act and rules simplified conditions to be fulfilled and the formalities to be accomplished for Relief consignments. It is also recommended that in line with Article 2 of the Convention, FBR/Customs should grant greater facilities than those provided for in this standard considering the humanitarian and urgent nature of such goods and consignments.

4. Recommended Practice	Clearance of relief consignments should be granted without regard to the country of origin, the country from which arrived or country of destination.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act; Chapter 99, Sub-Chapter II, Import of Relief Goods, Gifts, Samples, PCT heading 9911.
- The Imports and Exports (Control) Act

Discussion:

Law: Customs do not discriminate in granting clearance of relief consignments with reference to the country of origin, the country from which those arrived or country of destination. The clearance, however, remains subject to the conditions and restrictions imposed by or under the Customs Act, or by or under any other Act for the time being in force, such as the 'Imports and Exports (Control) Act, 1950' and these do not impose any restrictions on relief consignments. An example of this is the exemption allowed for relief goods under PCT code 9911, in the Chapter 99. There are no restrictions imposed for relief consignments clearance under the Act or Imports and Exports (Control) Act, 1950.

Practice: The practice is as per law.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Irfan Javed, Additional Collector of Customs, MCC (East Wharf), Custom House, Karachi.

Conclusion: The law and practice are in compliance with the 'Recommended Practice'.

Recommendations: None

5. Recommended Practice	In the case of relief consignments any economic export prohibitions or restrictions and any export duties or taxes otherwise payable should be waived.
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Overall Assessment: Compliant

Relevant Law:

- The Customs Act
- The Export Policy Order 2012- 2015, Section 4 (2-f)
- The Customs Rules

Discussion:

Law: So far as exemption from export duties is concerned, it is pointed out that there are currently no export duties in Pakistan. Therefore there is no question of exempting some product from export duties.

So far as restrictions on exports are concerned it is pointed out that there is a specific provision for relief goods in the trade policy 2012-2015. This provision provides exemption from any export restrictions to export of relief consignments by the Cabinet Division, Government of Pakistan. For other persons and entities the normal export policy provisions apply where there are some restrictions and therefore the requirements of this standard are not complied with.

The item 9911 is reproduced below for ease of reference:

PCT CODE	Description	CD (%)
(1)	(2)	(3)
9911	<ul style="list-style-type: none"> • Relief goods donated for free distribution among the victims of natural disaster or other catastrophe, as are certified by the authorized officer of Federal/Provincial Government • Plant, machinery and equipment imported by way of donation for installation in the earthquake hit districts as certified by ERRANational Disaster Management Authority. 	0

Practice: The practice is as per law.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad
- Mr. Irfan Javed, Additional Collector of Customs, MCC (East Wharf), Custom House, Karachi

Conclusion: The law and practice are partially in compliance with the 'Recommended Practice'.

Recommendation: Keeping in view the fact that some export duty may be levied on certain goods in the future, a specific provision needs to be added to the Customs Act for exemption of duties and taxes, for relief consignments which are exported from Pakistan. A specific provision may also be added to the Trade Policy (Export Policy Order) that export restrictions will not apply to relief consignments as is the case for such goods exported by the Cabinet Division of the Government of Pakistan (The Export Policy Order 2012- 2015, Section 4 (2-f)).

6. Recommended Practice	Relief consignments received as gifts by approved organizations for use by or under the control of such organizations, or for distribution free of charge by them or under their control, should be admitted free of import duties and taxes and free of economic import prohibitions or restrictions.
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Overall Assessment: Substantially Compliant

Relevant Law:

- The Customs Act
- The Customs Rules

Discussion:

Law: As already discussed under 'Recommended Practice' No. 5, relief consignments received by approved organizations such as Red Cross, NDMA, ERRA or by any other approved Non-Profit Organization (NGO), are allowed exemption from leviable duties of customs and sales tax under item 9911 of Chapter 99 of the First Schedule to the Customs Act, as the said provision does not make any distinction with regards to recipient/importer of the relief consignments. All such organizations are certified for relief operations by NDMA etc.

The said item 9911 is reproduced below for ease of reference:

PCT CODE	Description	CD (%)
(1)	(2)	(3)
9911	(i) Relief goods donated for free distribution among the victims of natural disaster or other catastrophe, as are certified by the authorized officer of Federal/Provincial Government (ii) Plant, machinery and equipment imported by way of donation for installation in the earthquake hit districts as certified by ERRA/National Disaster Management Authority.	0

Practice: The practice is as per law.

Resource Persons:

- Mr. Qurban Ali Khan, Additional Collector of Customs, MCC, Islamabad.
- Mr. Irfan Javed, Additional Collector of Customs, MCC (East Wharf), Custom House, Karachi.

Conclusion: The law and practice are in substantial compliance with this 'Recommended Practice'.

Recommendations: The Customs Act and the rules should clearly provide for exemption of all relief goods as defined in this Chapter.

- Goods, including vehicles and other means of transport, foodstuffs, medicaments, clothing, blankets, tents, prefabricated houses, water purifying and water storage items, or other goods of prime necessity, forwarded as aid to those affected by disaster; and
- All equipment, vehicles and other means of transport, specially trained animals, provisions, supplies, personal effects and other goods for disaster relief personnel in order to perform their duties and to support them in living and working in the territory of the disaster throughout the duration of their mission.

A provision may be added to the Trade Policy 2012-2015 (Import Policy Order) that no import restrictions will be imposed on relief consignments as defined above.